

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**December 11, 2024**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (BFSA) held on Wednesday, December 11, 2024. The Board met in compliance with New York State Executive Order 11.8, as amended. The meeting was called to order at 1:05 PM.

**Board Members Present**

Interim Vice-Chair Jeanette T. Jurasek  
Secretary Frederick G. Floss  
Director Andrew A. SanFilippo  
Mayor Christopher P. Scanlon (later represented by proxy Nosworthy)  
County Executive Mark C. Poloncarz (proxy Cornell)

**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  
Delano D. Dowell, Deputy Comptroller, City of Buffalo  
Jim Barnes, Chief Financial Officer, Buffalo City School District  
Rebecca Casteneda, Chief of Staff, New York Assemblyman Jonathan Rivera's Office  
Mitchell Nowakowski, Common Council Member, City of Buffalo  
Raymour Nosworthy, Acting Commissioner of Finance, City of Buffalo  
Pedro Gonzalez-Ortiz, Common Council Staff, City of Buffalo

**Opening Remarks**

Chair Pro Tempore Floss welcomed Mayor Scanlon to the Board as well as to the meeting, and also welcomed all others to the December board meeting, reviewed the meeting agenda, and asked for the roll to be called.

**Roll Call of the Directors**

BFSA Executive Director Robe called the roll. A quorum being present, the meeting commenced.

Erie County Budget Director Mark Cornell represented Erie County Executive Mark C. Poloncarz 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 [their] place, meetings of the Authority and to vote or otherwise act in [their] 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 single designee...."

**Approval of Minutes**

Chair Pro Tempore Floss introduced Resolution No. 24-23, “Approving Minutes and Resolutions from September 23, 2024.”

Director SanFilippo made a motion to approve.

County Executive Poloncarz (proxy Cornell) seconded the motion.

The Board voted 5-0 to approve Resolution No. 24-23.

**BFSA Items**

Chair Pro Tempore Floss advanced the agenda to Resolution No. 24-24: “Honoring former City of Buffalo Mayor Byron W. Brown.” Chair Pro Tempore Floss read the resolution in its entirety for the record.

Director SanFilippo made a motion to approve the resolution as read.

Interim Vice-Chair Jurasek seconded the motion.

The Board voted 5 to 0 to approve Resolution No. 24-24.

Chair Pro Tempore Floss advanced the agenda to honor City of Buffalo Commissioner Delano D. Dowell who served as proxy for former Mayor Brown. Chair Pro Tempore Floss thanked Commissioner Dowell for his contributions toward financial stability for the City of Buffalo and read the resolution in its entirety for the record.

Director SanFilippo made a motion to approve Resolution No. 24-25 as read.

County Executive Poloncarz (proxy Cornell) seconded the motion.

Mayor Scanlon acknowledged the commitment of Commissioner Dowell to the City of Buffalo.

The Board voted 5 to 0 to approve Resolution No. 24-25.

Former Commissioner Dowell thanked the Board for working collaboratively with the Administration while serving as Commissioner.

Delano Dowell exited the meeting at 1:18 PM.

Chair Pro Tempore Floss advanced the agenda and stated the Governance Committee met earlier in the day and recommended the approval of the following items:

1. 2025 BFSA Board Meeting Calendar
2. 2025-26 Minority- and Women-Owned Business Enterprise (MWBE) Goal Plan
3. 2025-26 Service-Disabled Veteran-Owned Business Development (SDVOB) Goal Plan
4. A revised list of items to be provided to the BFSA by the City and covered organizations

Chair Pro Tempore Floss requested a motion to approve Resolution No. 23-26, “Adoption of a BFSA Board of Director Regular Meeting Schedule for Calendar Year 2025.”

County Executive Poloncarz (proxy Cornell) made the motion to approve the 2025 meeting calendar as submitted.

Director SanFilippo seconded the motion.

The Board voted 5-0 to approve.

Chair Pro Tempore Floss requested a motion to approve Resolution No. 24-27, “Approval of 2025-26 MWBE Master Goal Plan.”

Director SanFilippo made the motion as requested.

County Executive Poloncarz (proxy Cornell) seconded the motion.

The Board voted 5-0 to approve.

Chair Pro Tempore Floss requested a motion to approve Resolution No. 24-28, “Approval of the 2025-26 SDVOB Enterprise Master Goal Plan.”

Director SanFilippo made the motion as requested.

County Executive Poloncarz (proxy Cornell) seconded the motion.

The Board voted 5-0 to approve.

Chair Pro Tempore Floss asked for a motion to approve the revised list of items to be provided to the BFSA by the City and covered organizations.

Director SanFilippo made the motion as requested.

County Executive Poloncarz (proxy Cornell) seconded the motion.

The Board voted 5-0 to approve.

## **City of Buffalo**

### *Review of 2024 Audited Financial Statements*

Chair Pro Tempore Floss stated the 2024 City audited financial statements were submitted to the BFSAs on November 26, 2024. Principal Analyst Bryce Link began the review.

Total actual revenues for the year ended June 30, 2024 were \$593.8M and total actual expenditures reported were \$608.2M. The deficiency of revenues over expenditures was \$14.5M. Other financing sources were \$56.8M, other financing uses totaled \$73.9M. The net change in fund balance was (\$31.6M).

Total actual revenues exceeded the adopted budget of \$577.0M by \$30.5M. Total budgetary expenditures exceeded the adopted budget of \$577.0M by \$51.7M, resulting in a deficit of \$21.2M. The beginning fund balance for FY 2024 was \$149.4M and the ending fund balance was \$109.2M.

Executive Director Robe commented that budgetary expenditures include encumbrances. There will be a difference between the fund balance on this schedule and final actual fund balance to be discussed shortly, due to the reporting of encumbrances.

Director SanFilippo asked what the \$46.3M budget variance in expenditures is attributed to. Principal Analyst Link replied that the American Rescue Plan Act (“ARPA”) programs were not included in the final budget. The revenues are recognized in the general fund and the expenditures are captured as transfers out; hence the positive variance in revenues.

There were six main areas contributing to the revenue budget variance:

- Federal aid of \$44.1M attributable to ARPA program funds
- Investment income earned from the investment of federal stimulus funds exceeded budget by \$15.9M. This is not a recurring source of revenue
- Property Taxes were unfavorable by \$9.3M due to \$6.0M use of ARPA funds for arrears not being realized, and the City receiving \$3.3M less than budgeted for property tax collections
- Miscellaneous revenue was unfavorable by \$12.9M
  - Grant reimbursement \$(5.9M)
  - Sale of property \$(3.6M)
  - Miscellaneous \$(2.3M)

Chair Pro Tempore Floss asked if the negative variance of grant revenue is due to a timing issue. Principal Analyst Link responded that it is being examined.

- NYS Aid was unfavorable by \$(7.0M)
  - \$(4.2M) Tribal State Compact; currently in negotiations with NYS
  - \$(3.0M) Cannabis sales tax
- Transfers In were favorable by \$2.5M, due to an increase from the Parking Enterprise Fund

There was a significant unfavorable variance in expenditures within the police department in the amount of \$(17.9M). The variance is attributed to the settlement of the Police Benevolent Association (“PBA”) contract which included retroactive pay and the current year increase in annual salaries, overtime, and longevity. Principal Analyst Link is working with the City of Buffalo Comptroller’s Office to identify how much is attributed to the two years of retroactive pay, specifically the overtime at \$10.7M. The current contract expires on June 30, 2025. Principal Analyst Link stated funding was identified when the PBA contract was renewed, including a portion of the interest earned from investments; however, some of the other planned revenues did not materialize.

The fire department was unfavorable by \$(6.7M), which was attributed to overtime \$(6.8M) and duty disability \$(3.9M), which was offset by a favorable variance of \$5.1M for annual salaries.

It is noted that transfers out of ARPA Program funds was unfavorable by \$46.4M, which is attributed to the fact that those program costs were never included in the general fund as part of the adopted or final budget.

Year-to-year total revenues and other financing sources increased by \$46.9M, from \$603.7M in FY 2023 to \$650.6M in FY 2024.

- Federal stimulus decreased by \$1.1M
- Casino revenue decreased by \$0.7M
- Sales Tax decreased by \$0.3M
- Property Taxes increased by \$4.1M
- Interest increased by \$7.0M
- Bond for legal settlement \$42.8M

Chair Pro Tempore Floss asked for clarification of the increased collection of property taxes.

Principal Analyst Link responded the increase is based on the year-to-year change in the property tax rate. Council Member Mitchell Nowakowski, City of Buffalo, asked how much more revenue was raised by increasing property taxes. Principal Analyst Link replied that the positive variance may be attributed to buildings properties coming back online returning to the tax roll in addition to the year-to-year increase.

Historical sales tax revenue was reviewed from 2014-15 through 2023-24. The tax on internet sales was a main factor in the growth since 2020. County Executive Poloncarz (Cornell) stated Erie County recognizes the decreased growth in sales tax as a return to normalcy with 1.5% to 3% of annual growth.

Year-to-year total expenditures and other financing sources increased by \$102.8M, from \$579.3M in FY 2023 to \$682.1M in FY 2024:

- Public safety increased by \$25.3M to \$205.0M; the majority being attributed to the police and fire departments
- Employee benefits increased by \$16.3M to \$174.5M;
- General government support increased by \$1.8M to \$72.1M
- Streets and sanitation increased by \$3.3M to \$21.5M; both general government support and streets and sanitation include expenditures for two storms in 2024

- Other expenditures increased by \$42.7M to \$48.0M; attributed to the payout of the legal settlement
- Transfers out increased by \$13.8M to \$73.9M, attributed to increase use of ARPA funds and the payment of a legal settlement that was financed utilizing issued debt

A discussion was held on budget amounts compared to actual balances for revenues and expenditures from 2014-15 to 2023-24. Revenues and expenditures exceeded the final budget amount in the past four years due to the way ARPA funding flowed through the general fund.

A discussion was held on the fund balance summary:

<b>Fund Balance:</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Difference</b>	<b>June 30, 2022</b>
Nonspendable/Restricted	\$ 54.8	\$ 48.3	\$ 6.5	\$ 42.4
Committed	50.7	43.3	7.4	41.2
Assigned	12.3	42.9	(30.6)	17.5
Unassigned	-	14.9	(14.9)	24.0
<b>Total Fund Balance</b>	<b>\$ 117.8</b>	<b>\$ 149.4</b>	<b>\$ (31.6)</b>	<b>\$ 125.1</b>

Included in the Nonspendable/Restricted fund balance is \$23.4M owed by the Refuse Fund to the General Fund, which represents the cumulative cash deficit of the Refuse Fund. Capital outlay is also included in Nonspendable/Restricted fund balance which increased by \$2.7M year-to-year.

Committed fund balance summary:

- Committed fund balance – subject to a purpose constraint imposed by Common Council
- Balance of \$50.7M = Emergency Stabilization (i.e. the “Rainy Day Fund”)
- Equal to 30-days of prior fiscal year’s total general fund operating expenditures (i.e., excludes Other Financing Uses)
- Intended for extraordinary operating or capital needs that could not be anticipated and cannot be funded with current budget resources
- The City does have to include the replenishment in the following year’s budget.

Assigned fund balance summary:

- Assigned funds that are segregated for a specific purpose
- Year-to-year there was a decrease of \$30.5M

Other Postemployment Benefits (“OPEB”) full valuation at July 1, 2006, of \$946.0M grew to \$1.2B on July 1, 2024. Chair Pro Tempore Floss stated his concerns about the effect of interest on OPEB and stated it should be used as a planning tool.

Principal Analyst Link reviewed the Solid Waste and Recycling fund, noting that the fund generated revenue in three out of sixteen years due to an increase in collection fees for trash. The fund owes \$23.4M to the general fund as of June 30, 2024. To address this deficit, the City needs to either reduce expenditures or more likely increase refuse fees.

Hearing no comments or questions Chair Pro Tempore Floss advanced the agenda.

Review of City of Buffalo First Quarter Report

Principal Analyst Link began his presentation. As of September 30, 2024, the City is projecting a deficit of \$17.7M, or 2.9%. Revenues and fund balance have a projected negative variance of \$14.7M and the year-end projection for expenditures is a negative variance of \$3.0M.

The City adopted a budget including \$14.9M in fund balance; however, per the audited 2024 financial statements only \$3.6M is available.

- FYE total revenue projection is unfavorable by \$14.7M to the adopted budget:
  - \$14.9M unfavorable variance in available fund balance
  - \$4.2M unfavorable variance in taxes due to occupancy tax not enacted
  - \$2.6M unfavorable variance in fines due to lower collections
  - \$2.3M unfavorable variance in service charges due to new parking rates not being approved
  - \$9.5M favorable variance in intergovernmental due to unbudgeted ARPA program funds of \$10.0M and unfavorable \$0.5M for cannabis tax
  
- FYE total expenditure projection is unfavorable by \$3.0M to the adopted budget:
  - \$0.7M favorable variance in departmental expenditures
    - \$3.9M unfavorable variance in the fire department
    - \$1.6M unfavorable variance in the police department
    - \$6.2M favorable variance in the remaining 13 departments
  - \$6.3M favorable variance in general charges
    - \$3.0M favorable variance in fringe benefits & personal services
    - \$2.6M favorable variance in other
  - Transfers Out – unfavorable variance of \$10.0M
    - Offset with ARPA program revenue

Director SanFilippo asked if the positive variance shown by other departments is based on vacancy control. Principal Analyst Link confirmed vacancies are driving the savings. County Executive Poloncarz (proxy Cornell) asked if the vacancies are expected to remain vacant for the remainder of the year. Principal Analyst Link stated some revenue-generating vacancies may be filled by December 31, 2024.

Mayor Scanlon stated that revenue-generating positions are the only vacancies to be filled.

Director SanFilippo asked about the plan to fill police and fire vacancies.

Mayor Scanlon stated police and fire are not fully staffed and the class planned for January 2025 will be delayed. There is no concern currently about any public safety issues regarding staffing. Chair Pro Tempore Floss asked how the current financial status of police and fire compare to times past.

Principal Analyst Link stated this year tracks slightly higher as there are currently more personnel as compared to prior year; there are two recent police classes, one in the field and one in the academy, in addition to a fire academy class in progress.

County Executive Poloncarz (proxy Cornell) asked for clarification on the \$3.6M available fund balance.

Principal Analyst Link replied the \$3.6M is within the \$12.3M assigned fund balance, the other \$8.7M is for encumbrances. Robe's comment is that those funds are designated for the subsequent years budget.

As of September 30, 2024, the vacant positions included:

- City employees: 267 vacancies, or 9.7% of the budgeted 2,765 full-time equivalent ("FTE") employees
- Police: 30 vacancies, or 3.7% of the budgeted 812 FTEs
- Fire: 21 vacancies, or 2.8% of the budgeted 743 FTEs

Chair Pro Tempore Floss asked how many officers are expected to reach retirement age. Principal Analyst Link stated the number has been declining and is approximately 20 FTEs for the police department and 32 employees for the fire department.

Mayor Scanlon stated this is the closest police and fire have been to being fully staffed over the last 13 years.

Executive Director Robe provided the following summary:

- The adopted budget included the use of \$14.9M in available fund balance
  - \$3.6M is the final designation for 2024-25, creating a shortfall of \$11.3M
  - The 2024-25 budget is out of balance

Those revenues previously identified as being potentially overstated have been updated based on results of the first quarter and total \$16.2M:

- Occupancy Tax: \$4.2M
- Casino Revenue: \$5.5M
- Cannabis Tax: \$1.0M
- Cannabis Fines: \$2.0M
- Parking Meter Fees: \$2.9M
- Traffic Violation Fees: \$0.6M

The budget is unbalanced by \$17.5M consisting of \$11.3M in fund balance, \$4.2M in occupancy tax and \$2.0M cannabis fines. The budget shortfall of \$17.5M must be addressed with a budget modification. It is recommended the City further modify the budget and financial plan to adjust for the remaining potential underestimated revenues of \$10.0M consisting of: casino revenue of \$5.5M, cannabis tax of \$1.0M, parking meter fees of \$2.9M and traffic violation fees of \$0.6M.

The modified budget should be submitted to the BFA by January 31, 2025.

Chair Pro Tempore Floss commented that a number of the issues had been discussed over the past six months, therefore a modified budget request was not unexpected.

Mayor Scanlon replied that the Administration is concerned about the budget and formulating a plan to address it. The modified budget will be submitted in January 2025. The vacancy control measures, discretionary spending freezes, addressing overtime and ARPA recovery are all factors being considered to fill the gap. At the most recent cabinet meeting, all departments were instructed to submit their budgets with a 10% reduction in spending. Chair Pro Tempore Floss stated the BFA is available to assist the City in any way possible.

County Executive Poloncarz (proxy Cornell) asked for clarification on the \$50.7M in committed fund balance versus the unassigned fund balance. Executive Director Robe replied the committed fund balance represents the City's rainy day fund and Common Council has to vote on its use.

Councilmember Nowakowski commented on the fund balance usage per a resolution that was drafted by him.

Director SanFilippo asked how much is available in the unassigned fund balance. Principal Analyst Link responded that the unassigned fund balance was \$0 as of June 30, 2024.

Executive Director Robe noted a portion of the unassigned fund balance was used to settle the PBA labor agreement last year.

Chair Pro Tempore Floss asked if the recent large legal judgment had been bonded. Executive Director Robe replied the \$9.0M judgement would not be bonded.

Hearing no additional comments, Chair Pro Tempore Floss called for a motion on Resolution No. 24-29, "2025-2028 Financial Plan Modification Required".

Director SanFilippo made the motion as requested.

Mayor Scanlon seconded the motion.

The Board voted 5 to 0 to approve.

Chair Pro Tempore Floss advanced the agenda to discuss the status of ARPA. All funds must be committed by December 31, 2024, and disbursed by December 31, 2026.

Principal Analyst Link provided the following update:

*ARPA Summary-to-Date as of December 2, 2024:*

- ARPA – awarded \$331.4M:
  - Obligated \$291.5M, of which \$235.5M has been disbursed
  - Approximately 12.3% of funding allocated for programs, services, revenue replacement, and capital projects have not yet been obligated, equivalent to \$40.8M
  - All funds are to be obligated by December 31, 2024, and expended by December 31, 2026

Mayor Scanlon responded that the Administration enlisted an outside auditor to review the entire ARPA program and stated the unobligated amount is closer to \$20.0M. The Department of Administration and Finance has been working diligently to get the funds disbursed to the agencies.

Councilmember Nowakowski asked if the Common Council would need to provide approval to reallocate unobligated ARPA funds for revenue replacement. Mayor Scanlon confirmed that Common Council approval would be required.

Chair Pro Tempore Floss stated the fund balance and deficit issues warrant the reallocation of ARPA funds to fill the gaps in the City budget, so as not to forfeit the unobligated funds.

Director SanFilippo asked if any pushback was expected from the Common Council regarding reallocating funds for revenue replacement.

Councilmember Nowakowski replied many agencies have spent money with the expectation of being reimbursed with ARPA funds, so there may be some resistance.

Mayor Scanlon stated conversations are being held with Councilmembers regarding the status of ARPA and it is understood that reallocating ARPA as revenue replacement is not a long-term fix. There is only one program that will not receive funds through the Request for Applications “RFA” program because their documents have not been received.

Chair Pro Tempore Floss stated the BFSA was willing to address concerned community groups regarding the ARPA funds.

County Executive Poloncarz (proxy Cornell) stated assistance is being extended to Acting Commissioner of Administration, Finance, Policy, and Urban Affairs Raymour Nosworthy by the County regarding the intricacies of ARPA programming.

Mayor Scanlon thanked the County for their willingness to assist the City.

Hearing no additional comments, Chair Pro Tempore Floss advanced the agenda to review the 2025 Capital Budget.

*Review of the City of Buffalo’s 2025 Capital Budget and 2026-2029 Capital Improvements Program*

The Capital Plan was approved by the Common Council on December 10, 2024, with minor modifications to the original submission.

Principal Analyst Link provided the following update:

- The 2025 Capital Budget was submitted on November 1, 2024, and includes three distinct components:
  - \$27.3M City of Buffalo capital budget, with a proposed bond sale of \$28.0M
    - The Comptroller’s Cap is \$28.0M
  - \$54.5M Capital request from the Buffalo City School District (“BCSD” or “District”)
    - Per the District, projects are up to 97% reimbursable by New York State (“NYS”) and the BCSD will cover 100% of the bonding costs
  - \$27.0M Bond Anticipation Note (“BAN”) request
    - The BAN proceeds will be reimbursed by either the federal/state governments, with the City’s cost being the cost of issuance and interest
- 2025 Capital Budget includes \$27.3M City-wide projects and \$1.2M previously authorized but unissued, totaling \$28.5M.
- The Mayor has requested financing in the amount of \$28.0M consisting of \$26.8M included in the 2025 capital plan (City-wide) and \$1.2M (previously authorized but unissued) for a total bond amount of \$28.0M.
- Comptroller’s recommended limit for financing for the current year is \$28.0M
- Amount of authorized but unissued projects estimated at \$14.9M
  - Beginning balance of \$15.7M
  - \$1.2M is included in the 2025 Capital borrowing request
  - Remaining balance of \$14.9M to be provided for beyond the current plan
  - There remains \$0.5M in budgeted and unauthorized projects. Resolutions for these projects would need to be drafted by December 31, 2024, if they are to be included as future issuances.

Projects in the adopted 2025 Capital Budget were reviewed.

County Executive Poloncarz (proxy Cornell) asked what caused the \$14.9M of authorized but unissued projects.

Principal Analyst Link stated some of the projects date back to 2016. The previous Administration was authorizing but not issuing for the projects with no clear plan on when/if the projects would be bonded for.

Director SanFilippo asked if the previous Administration or the Common Council rescinded some of the unissued projects and suggested an analysis be conducted on the unlikely bonded projects. Mayor Scanlon stated conversations are being had with the Comptroller’s Office, BCSD, Public Works and Common Council regarding said projects.

2025 Financing of \$28.0M requested by category:

- Infrastructure: \$10.3M (37%)
- City Buildings: \$3.9M (14%)
- Parks: \$1.0M (4%)
- Economic Development & Cultural Institutions: \$3.8M (13%)
- Vehicles & Safety Equipment: \$7.4M (26%)
- Demolition & Tree Management: \$1.6M (6%)

A historical overview of capital borrowing levels was provided for 2019 through the proposed 2025 borrowing. It was noted that the City has not borrowed on behalf of the District since 2012.

As of October 31, 2024, the City had a total of \$23.0M outstanding bond proceeds, including \$0.1M dating back to 2018, \$7.7M in 2023, and \$8.2M in 2024. Director SanFilippo thanked Principal Analyst Link for the detailed information. County Executive Poloncarz (proxy Cornell) asked how many of the outstanding proceeds are attributed to dormant capital projects that may have been completed under budget. Director SanFilippo asked if the City has the capacity to spend the bond proceeds and how vacancy control affects that capacity. There is a concern about paying debt service for projects that are not completed. Chair Pro Tempore Floss stated the importance of looking at the Capital Budget over three to five years in order to identify when projects can be reasonably completed.

Councilmember Nowakowski exited the meeting at 2:33 PM.

### *Summary*

- Capital Budget and Capital Improvements Plan excludes ARPA recovery funds
- ARPA recovery funds are being monitored internally as well as by BFSA
  - The City has approved \$105.5M for various capital and programmatic investments
  - The allocation remaining as of November 1, 2024, is estimated at \$72.5M
  - These funds must be obligated by December 31, 2024, and disbursed by December 31, 2026
    - The Administration is currently reviewing projects to determine if they will meet the obligation deadline, and if the resources should be reallocated
- \$54.5M in capital borrowing was included for the District
  - District has been using savings from refunding of Joint Schools Construction Board (“JSCB”) debt; and has requested a bond sale this year
- Bonding for ongoing general operations is included in the amounts of \$1.0M for tree removal and planting and \$0.6M for demolitions. This uses limited bonding capacity. A total of \$1.6M of the proposed 2025 borrowing is 5.7% of the total. \$2.0M for demolitions has been included over the five-year capital plan.

BFSA recommendations were discussed and include the recommendation that a funding plan be established to determine when projects that have been authorized but are not currently funded should proceed. Projects totaling \$14.5M have been approved, with no funding identified over the next five years. The BFSA continues to recommend that tree trimming and planting be moved from the capital budget to the general fund. Additionally, it is recommended for the District to develop a Five-Year Capital Plan.

Director SanFilippo asked how the \$27.0M BAN generated \$200.0M of outside funds. Mayor Scanlon replied the projects are federally funded.

Director SanFilippo asked if there has been any discussion with state and federal agencies on when the resources are available for delivery. Mayor Scanlon stated the projects are funded, however the City is responsible for completing initial site work, architecture work, etc.

Director SanFilippo asked if the BCSD submitted their capital projects budget to the NYS Department of Education to guarantee the 97% reimbursement. BCSD CFO James Barnes, replied there are 27 projects, and the largest project is the DaVinci/Buffalo State renovation at \$24.0M. The maximum cost allowance for the project is 99% complete and NYS has preliminarily committed to \$24.0M. School districts are assigned a building aid ratio and the ratio for BCSD is 97.3%, guaranteed by NYS. The final construction documents must be submitted to the NYS Department of Education by January 1, 2025. The State will provide the final building aid calculation by March 1, 2025. This timeframe provides time to be included in the bond. He thanked Mayor Scanlon for including the BCSD in the City's 2025 Capital Budget and noted the bonding is low risk because projects that do not meet the NYS schedule are not bonded for. The BCSD is only planning to borrow for what they will be reimbursed for at 97.3%.

Chair Pro Tempore Floss stated this potential bonding is fundamentally different than bonding in the more recent past and reiterated that there was a time when the City did bond for the District. Mayor Scanlon stated projects could be jeopardized if the bond is not completed by the beginning of FY 2025 Q2. The discontinuation of the JCSB allows the City to borrow on behalf of the District and there is a request to reengage the JCSB so the District can borrow on their own.

Director SanFilippo asked why the JCSB should borrow if NYS guarantees reimbursement at 97.3%. Director SanFilippo also stated the City Comptroller determines how many bonds to issue.

Mayor Scanlon exited the meeting at 2:39 PM and Acting Commissioner Nosworthy served as proxy for Mayor Scanlon for the remainder of the meeting.

Executive Director Robe stated there was a recommendation in the BFSA's Buffalo Urban Renewal Agency ("BURA") report regarding a lead hazard grant that expires in July 2025. The BFSA requests the following:

*"A written report be submitted concurrently with BURA's second quarter report due on January 31, 2025, which discusses the plan for meeting the spending deadline of the lead hazard grant. The report should include key target dates to understand if the funds will be expended by July 2025."*

Chair Pro Tempore Floss asked for a motion to execute the aforementioned BURA request. County Executive Poloncarz (proxy Cornell) made the motion as requested. Director SanFilippo seconded the motion.

The Board voted 5 to 0 to approve.

Mayor Scanlon (proxy Nosworthy remained) and County Executive Poloncarz (proxy Cornell) exited the meeting at 2:45 PM.

Chair Pro Tempore Floss advanced the agenda stating the remaining items discussed are for informational purposes only and do not require quorum.

## **Buffalo City School District**

### *2023-24 Final Financial Results*

Senior Analyst II Nathan Miller began the presentation with the following overview:

- Total revenues and operating transfers were \$1,071.5M. The final budget was \$1,064.8M; favorable variance of \$6.7M.
- Total expenditures and other financing uses were \$1,022.9M. The final budget was \$1,106.3M, resulting in a favorable budget variance of \$83.4M.
- Net change in fund balance:
  - Actual \$48.6M; Final Budget (\$41.5M); favorable variance of \$90.1M

Significant revenue variances include:

- Nonproperty Tax Items (Erie County Sales Tax): \$5.8M
  - 110.9% of Final Budget & equal to BFSA's Q3 forecast
- Miscellaneous Local Sources: \$5.5M (128.9% of Final Budget)
- NYS Sources: \$(4.3M)
  - Building Aid: \$0.8M
  - Foundation Aid: \$(0.6M)
  - Net of all other formula-based aids: \$(4.5M)

Significant expenditure variances include:

- Instruction – Regular School: \$35.4M
  - Programs for Children with Handicapping Conditions: \$8.4M
  - Teaching – Regular School: \$13.1M
  - Instruction, administration, and improvement \$5.9M
- General Support: \$31.5M
  - Central Services: \$19.6M
- Employee Benefits: \$10.8M
  - Active/Retiree Health Insurance: \$(5.1M)
  - NYS Pension: \$4.7M
  - Miscellaneous Employee Benefits: \$7.6M
- Transportation: \$10.6M

It was noted that FY 2023-24 was one of the true school years post-pandemic without sweeping changes in bell time structure, transportation, or remote learning.

Total fund balance had a positive variance of \$48.6M; FYE 2023 \$375.5M to FYE 2024 \$424.1M. Assigned fund balance increased by \$19.9M from \$192.1M to \$212.0M.

A historical overview of OPEB was provided noting:

- Payments are budgeted annually without accrual and are based on the pay-as-you-go method
- \$30.9M increase from June 30, 2023, to June 30, 2024
  - Differences between expected and experience/Benefit Payments: \$(66.4M)
  - Service Cost/Interest: \$126.3M
  - Changes of assumptions and other inputs: \$16.9M

Director SanFilippo asked why there is talk of teachers being laid off if the District has \$180.0M in Unassigned fund balance.

Senior Analyst II Miller replied that the topic will be reviewed during the quarterly review. It was also noted that the District had \$90.0M in APRA funding during the last school year.

Chair Pro Tempore Floss asked if there is a limit to the amount of fund balance that the District can carry.

Senior Analyst II Miller replied that the Board of Education fund balance policy is to retain Unassigned fund balance at 4% of total budgeted expenditures. He noted that the District's four-year financial plan includes close to a \$200.0M reduction in total fund balance.

#### *Review of First Quarter FY 2024-25*

Senior Analyst II Miller provided the following information regarding the general fund:

- Revenues: No current fiscal year-end (“CFYE”) variance projected
  - Net \$12.6M (1.2%) increase over FYE 2024
- Expenditures: No CFYE variance projected
  - Net \$141.1M (13.8%) increase over FYE 2024
- Structural Deficit
  - Planned expenditures exceed projected revenues
  - Appropriated Fund Balance: \$83.4M (7.2% of expenditures)

#### Key Findings

- Based on preliminary NYS aid projections, revenues will potentially be unfavorable overall
- Expenditures will potentially be favorable overall:
  - The vacancy rate is low
  - Based on total Charter School Tuition payments & barring any unforeseen and unbudgeted expenditures
- District enrollment was significantly higher at the start of the 2024-25 school year than at the end of the 2023-24 school year
  - Would mark the first enrollment year-to-year increase in ten years

It is unclear what has caused the jump in enrollment. The growth is more pronounced within high school students than within elementary school students.

CFO Barnes stated enrollment data will be better known in January and the expectation is an increase of 300 to 500 pupils. The growth in charter school enrollment is slowing.

Chair Pro Tempore Floss asked about kindergarten and first-grade enrollment. CFO Barnes replied that enrollment has increased for kindergarten.

Director SanFilippo noted that instructional staff is being decreased while the student rate remains static over the out-years. CFO Barnes replied that the District is tremendously overstaffed as 4,000 students were lost over six years and staff increased by 400. There is a need to right-size the District’s staffing levels, which began in the current school year. The District’s average class size is 21.

Chair Pro Tempore Floss asked what effect the COVID-19 pandemic had on the District and how is staffing being calculated given the increasing need for special education students.

CFO Barnes replied staffing was out of line with enrollment. While 400 positions were funded through \$90.0M ARPA-ESSER, only 256 total FTE positions were cut. The general fund FTEs increased by 152, which were previously funded through ARP; the majority were guidance counselors, social workers, security guards, etc. which were hired during the pandemic to curb learning loss and increase security. Thirty-six teachers on special assignment (“TOSA”) positions were redirected back to classrooms. There are still 180 TOSA positions available.

Director SanFilippo stated he does not believe class sizes should be reduced considering the challenges facing students in the City of Buffalo.

CFO Barnes stated Superintendent Williams Knight added \$83.0M from reserves to balance the budget to keep teachers, security, and counselors.

There was a continued discussion about the District and the services it provides.

Chair Pro Tempore Floss thanked CFO Barnes for his willingness to communicate with the BFSA.

CFO Barnes exited the meeting at 3:15 PM.

Chair Pro Tempore Floss advanced the agenda.

**Buffalo Urban Renewal Agency (“BURA”)**

*2024 Financial Statements Summary*

Principal Analyst Link provided the following information:

The audit provided an unmodified opinion from the auditors with no findings to report.

- Fund balance at June 30, 2024:
  - Total fund balance \$10.4M
  - General Fund \$9.6M
    - \$4.5M nonspendable
    - \$5.1M unassigned
    - Decrease of \$285,041
  - Community Development Block Grants (“CDBG”) Fund \$69,769 nonspendable
    - Decrease of \$27,604
      - Represents real estate acquired for resale
  - Non-Major Funds = \$0.7 M

2024 Total Expenditures (fund level) = \$62.6M

- Federal grant expenditures = \$61.5M (98.3%)
  - Majority is Section 8 Housing of \$47.3M (75.5%)
  - CDBG expenditures = \$8.0M (12.8%)
  - CDBG-CV expenditures = \$1.9M (3.1%)
  - Housing Opportunities Made Equal (“HOME”) Program = \$4.0M (6.4%)

2023 Total Expenditures (fund level) = \$56.9 M

- Federal grant expenditures = \$56.1M (98.6%)
  - Majority is Section 8 Housing of \$41.6M (73.1%)
  - CDBG expenditures = \$8.1M (14.2%)
  - CDBG-CV expenditures = \$3.4M (6.0%)
  - HOME program = \$3.0M (5.3%)
- There was a year-to-year increase in Federal grants revenue of \$5.4 million (9.8%); changes in individual grant programs was discussed.
- There was a year-to-year decrease in collection of program loans of \$120,451 (13.4%)
- A year-to-year increase of \$65,000 in rehabilitation and preservation activities
- A year-to-year decrease of \$1.4M, or 20.9%, for planning, management, administration, and economic development activities

As of June 30, 2024, OPEB decreased to \$6.5M from its highest level of \$28.7M on June 30, 2011.

#### *Review Fiscal Year (FY) 2024-25 First Quarter*

A general overview was provided.

Program Year 50 HUD allocations are as follows:

- CDBG \$13.2M:
  - BURA \$6.0M
  - City \$7.1M
- HOME \$3.2M
  - BURA \$3.0M
  - City \$221,431
- Emergency Shelter Grants (“ESG”) \$1.2M:
  - City \$1.2M
- Housing Opportunities for Persons With AIDS (“HOPWA”) \$1.0M
  - City \$1.0M

Principal Analyst Link noted approximately \$300,000 of HOME Year 50 funds will be used for administrative services; all other funds are prior year allocations.

Director SanFilippo asked if BURA receives any City funds and why the BFSA oversees them if it is a federal program. Legal counsel Rich Grimm noted inclusion was required under the BFSA Act. It was further noted that BURA provides the technical services for repairs and construction for projects across the City and furthers the mission of the Office of Strategic Planning (“OSP”).

Principal Analyst Link stated that 33 of 40 positions are filled.

- No significant variance to expenditures through the first quarter
  - \$3.7M expended through September 30, 2024
- Entitlement Fund - Year 50 funds are to be released and available for draw-down in December 2024
- Salaries and fringe benefits total \$840,156
- BURA has multiple funding sources that are time-sensitive:
  - CDBG-CV (Cares Act): \$1.5M of \$11.4M remaining to be disbursed by January 6, 2027
  - City of Buffalo ARPA Funds: \$0.6M of \$1.1M remaining to be disbursed by December 31, 2026
  - City of Buffalo Housing and Urban Development (“HUD”) Funds: \$12.4M to be obligated by January 1, 2027
  - Lead Hazard Grant: \$1.3M to be disbursed by July 2025

**Privilege of the Floor**

Chair Pro Tempore Floss was advised by BFSAs staff that no members of the public were present for comment.

**New Business**

Chair Pro Tempore Floss asked if there were any additional items to discuss. Hearing none, the business portion of the was concluded, and a request for adjournment.

**Adjournment**

Director SanFilippo made a motion to adjourn.

Director Jurasek seconded the motion.

The Board adjourned by consensus at 3:26 PM.