

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
Monday, June 16, 2025

The Buffalo Fiscal Stability Authority (BFSA) Board of Directors held a public meeting on June 16, 2025. The meeting was called to order at 1:04 PM and complied with the New York State Open Meetings Law.

Board Members Present

Interim Vice-Chair Jeanette T. Jurasek (via videoconferencing)
Secretary Frederick G. Floss (Chair Pro Tempore)
Director Andrew A. SanFilippo
Director Timothy R. Hogues
County Executive Mark C. Poloncarz (proxy Cornell)
Mayor Chris P. Scanlon (proxy Nosworthy)

Board Members Excused

Staff Present

Executive Director Jeanette M. Robe
Principal Analyst/Media Liaison Bryce E. Link
Senior Analyst II/Manager of Technology Nathan D. Miller
Comptroller Claire A. Waldron

Additionally Present

Edward J. Murphy, Esq., Magavern Magavern & Grimm LLP
James Barnes, Chief Financial Officer, Buffalo City School District
Maria Chudy, Senior Program Manager, Buffalo Urban Renewal Agency
Gillian A. Brown, Executive Director, Buffalo Municipal Housing Authority
Modesto Candelario, Assistant Executive Director, Buffalo Municipal Housing Authority

Opening Remarks

Chair Pro Tempore Floss welcomed all participants, reviewed the agenda, and asked for a roll call.

Roll Call of the Directors

BFSA Executive Director Robe called the roll. A quorum was declared, and the meeting commenced.

City of Buffalo Commissioner of Administration, Finance, Policy and Urban Affairs, Raymour Nosworthy, represented City of Buffalo (City) Mayor Scanlon per Subdivision 1 of §3853 of the BFSA Act.

Erie County Budget Director Mark Cornell represented Erie County Executive Poloncarz per 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 before any participation by the single designee....”

Approval of Minutes

Chair Pro Tempore Floss requested a motion to approve Resolution No. 25-03, “Approving Minutes and Resolutions from April 28, 2025”.

Motion by Director Hogues. Second by County Executive Poloncarz (Cornell).

Resolution No. 25-03 was approved 5-0.

Honoring Vice-Chair Jeanette Jurasek

Chair Pro Tempore Floss introduced Resolution No. 25-04: Honoring Vice-Chair Jeanette Jurasek and entered the following into the record.

WHEREAS on July 3, 2003, the Governor of the State of New York signed into law Chapter 122 of the Laws of 2003, establishing the Buffalo Fiscal Stability Authority (“BFSA”) to assist in restoring fiscal stability to the City of Buffalo and its covered organizations; and

WHEREAS Governor Andrew M. Cuomo appointed Dr. Jeanette Jurasek to the Board of Directors of the Buffalo Fiscal Stability Authority on February 23, 2012; and

WHEREAS Dr. Jurasek was reappointed in 2014, was unanimously voted by the Board as Vice Chair in 2015, and served with dedication and unwavering commitment through her resignation in 2025; and

WHEREAS Dr. Jurasek earned her Ph.D. in German from The Ohio State University and has had a remarkable career in higher education, including serving as President of Medaille College from 2007 to 2015, serving in several capacities at Antioch College including Executive Vice President, Interim President, and Dean of Faculty from 2003 to 2007, and holding various academic positions at Augustana College and Earlham College; and

WHEREAS during her tenure on the BFSA Board, Dr. Jurasek saw the adoption of thirteen financial plans, each of which advanced the BFSA’s mission to support the long-term fiscal stability of the City of Buffalo and its covered organizations; and

WHEREAS Vice Chair Jurasek demonstrated steadfast leadership and resolve during the unprecedented challenges posed by the coronavirus pandemic, dedicating countless hours to helping navigate the City and its covered organizations through an extraordinarily difficult financial period; and

WHEREAS her collegial spirit, insight, and leadership were pivotal to fostering an effective, collaborative, and impactful Board over the last fourteen years; and

WHEREAS Vice Chair Jurasek has been tireless in working to promote the mission of the BFSFA to help restore long-term fiscal stability to the City of Buffalo and the Buffalo City School District, advocating strongly for the students and residents of the City of Buffalo; and

WHEREAS her contributions to the BFSFA and the City of Buffalo, the Buffalo City School District, the Buffalo Municipal Housing Authority, the Buffalo Urban Renewal Agency, and the broader Western New York community will have a lasting and meaningful impact for generations to come.

NOW THEREFORE BE IT RESOLVED that the Buffalo Fiscal Stability Authority does hereby honor and appreciate Jeanette Jurasek for her outstanding contributions and extraordinary service to the Buffalo Fiscal Stability Authority, to the betterment of the City of Buffalo, its citizens, and the Western New York Community.

Chair Pro Tempore Floss made the following comments.

Jeanette Jurasek has not only been a great vice-chair but also a great friend to the community. She contributed not only to the BFSFA but also to Medaille College, particularly during a time when the college was having extraordinary financial challenges. She has an outstanding record of helping community groups that is unmatched. I hope she understands how much she has done for the BFSFA Board and for me personally.

Chair Pro Tempore Floss requested a motion to approve the resolution.

Motion by Poloncarz (Cornell). Second by Hogues.
Resolution No. 25-04 was approved unanimously.

City of Buffalo

2025-26 Adopted Budget and Gap Closing Plan

Chair Pro Tempore Floss advanced the agenda to the City of Buffalo's 2025-26 Adopted Budget and the gap-closing plan submitted by the City Administration, along with the Buffalo Common Council's amendments to the Mayor's proposed budget.

Chair Pro Tempore Floss requested Principal Analyst/Media Liaison Bryce E. Link present the staff's analysis.

Principal Analyst Link provided the following analysis.

The Buffalo Common Council amendments include a \$1,070,453 reduction in departmental expenditures and a corresponding increase in general charges; no changes to revenues. The final budget includes \$622,074,415 in appropriations and revenues. The amendments result in a net zero impact with a net decrease of \$1.1 million in departmental personal service costs; overtime for both police and fire departments was reduced \$0.2M and \$0.8M, respectively. The Other category increased by \$0.1M for prior-year legal claims. Fringe benefits are increased by \$1.0M to establish a freeze account, with the intent to increase the City's fund balance.

Chair Pro Tempore Floss requested an explanation for the reduction of both overtime and budgeted positions through the amendments. Principal Analyst explained that the position reductions were within technology management and deferred to Commissioner Nosworthy to explain the overtime reductions.

Commissioner Nosworthy explained that the reduction in positions was in Management Information Systems (MIS) and not within either the police or fire departments. The overtime reductions relate to actual budgeted police and fire full-time equivalent (FTE) positions, and the controls established this year which will be in effect going forward. Overtime has increased on a dollar basis and is reflective of negotiated salary increases; however, the total number of hours of overtime is flat compared to the prior-year overtime hours. The reductions in technology management were the result of efficiency measures within the City's technology department.

Chair Pro Tempore Floss expressed his concern with the elimination of MIS positions and commented that a succession plan should be in place to combat loss of institutional knowledge. Specifically, he referenced legacy software that the City uses which newer employees may not be familiar with and the ability to train new MIS employees on the legacy software.

Commissioner Nosworthy agreed and stated they are doing exactly that. They are hiring and retaining employees with key skill sets, specifically those with cybersecurity skills.

Director Hogues asked for details regarding historical levels and the cyclical nature of police and fire overtime. Commissioner Nosworthy explained that combined police and fire overtime had been slightly increased. The City is confident that the budgeted level of overtime will be adequate, due to implementation of controls. Overtime has increased year-to-year, which is reflective of the salary increases. Actual overtime hours are flat year-to-year, but overtime costs have increased due to the salary increases. Police overtime tends to increase during the summer with an increase of special events. Fire overtime increases in July and December due to increased call-offs.

Director SanFilippo inquired about the percentage of vacancies in the police and fire department, compared to the budgeted overtime number. He wanted to know if those numbers were realistic considering the City's needs and that the City is living within their means. Commissioner Nosworthy confirmed that he is confident that they have adequate number of employees in both departments at this time. The fire department is at its highest staffing rate in years, and they can avoid bringing on a fire recruit class in 2025-26. They are preparing for another police officer exam in the upcoming year, which will allow them to fill vacancies in future years.

Director Hogues inquired about the number of police officers and firefighters that will be eligible to retire in the upcoming year and asked if there are adequate recruits in the pipeline to fill those impending vacancies. Commissioner Nosworthy responded that they report on retirements in the City's quarterly reports, and that they tend to be in the single digits. It is difficult to accurately forecast retirements in public protection due to multiple reasons. He is confident that the City currently has an adequate number of public safety personnel for the upcoming year and future recruit classes will be held based on need. Both the police and fire unions will be out of contract at the end of the month; he does not foresee any mass retirements in the upcoming year.

Director Floss asked if the City is reviewing the fees charged for using City public safety resources, and if the fees are adequate for the services being provided. Commissioner Nosworthy stated that they are looking at the fee structure and have the ability per the City Charter to charge and collect fees for the use of the public safety personnel. Director Floss noted that historically the City has addressed overtime overages by utilizing vacancy savings, which are limited in the adopted budget due to the vacancy freeze. Principal Analyst Link provided data concerning eligible retirements. Both departments have employees eligible for retirement within the year, including 24 individuals, or 3.5 percent, of filled firefighter positions. There are 20 police officers, or 2.6 percent, of filled positions eligible for retirement as of June 30, 2025.

Commissioner Nosworthy explained the process to fill vacant positions and how he reviews each hire a department would like to make. The department must demonstrate a mission critical need to fill the position.

Budget Director Cornell stated that overtime savings are typically unattainable, but he was hopeful that savings could be achieved. He asked how the reduced fringe benefit amount of \$1.0 million would be handled and if necessary would it be utilized to fund overtime. Commissioner Nosworthy noted that those funds are to be left alone and if necessary, they would utilize other personnel service lines to address any overtime excess.

Interim Vice-Chair Jurasek entered the proceedings at 1:28 PM.

Honoring Vice-Chair Jurasek (continued)

Chair Pro Tempore Floss indicated that Interim Vice-Chair Jurasek had entered the meeting via video conference and reread the unanimously approved Resolution No. 25-04.

Interim Vice-Chair Jurasek addressed the BFSA Board and staff. She stated that serving on the Board had been a wonderful experience and a great pleasure. She thanked her colleagues for all their efforts and collaborations.

City of Buffalo

2025-26 Adopted Budget and Gap Closing Plan (continued)

The Adopted Budget includes:

- Total revenues of \$622.1M, an increase of \$19.8M (3.3%) over the 2024-25 Adopted Budget amount of \$602.3M
- Total expenditures of \$622.1M, an increase of \$4.9M (0.8%) over the 2024-25 Adopted Budget amount of \$617.2M
- No unassigned fund balance available to be used in the 2025-26 budget, as a point of reference \$3.6M of Assigned fund balance was appropriated in the 2024-25 budget.

The Financial Plan contains uncertain revenues totaling a cumulative \$123.1M including:

- \$57.1M of proposed revenue dependent on New York State legislation
- \$66.0M of uncertain and/or overestimated revenues

Revenue dependent on state legislation included the sale of the municipal parking ramps at \$42.2

million. Necessary state legislation authorizing the creation of a municipal parking authority was included in the 2025-26 Enacted State Budget. Common Council approval authorizing the creation of the parking authority and the sale of the parking ramps is required.

The hotel occupancy tax was included at \$14.9 million over the financial plan and authorization for the occupancy tax was included in the State's Enacted Budget. The hotel occupancy tax cannot be fully used for General Fund replacement. Approximately 25 percent that can be used for public safety, streets and parking facilities near cultural events/facilities. Seventy-five percent shall be allocated for improvements to city-owned cultural facilities, public realm facilities and city-owned sporting venues. There is a sunset provision of December 31, 2027.

Chair Pro Tempore Floss asked Commissioner Nosworthy if the City adjusted the four-year plan for the state-imposed uses for occupancy tax revenues. Commissioner Nosworthy replied that the four-year plan already accounted for this.

Interim Vice-Chair Jurasek exited the proceedings at 1:38 PM.

Budget Director Cornell asked if the hotel occupancy tax applied to hotels only or short-term rentals as well. Commissioner Nosworthy responded the tax included short-term rentals. A conversation ensued between Budget Director Cornell and Commissioner Nosworthy discussing the details/timing of the revenue receipts and how the City and the County could work together in collecting this tax. Commissioner Nosworthy indicated that the Corporation Counsel is in the process of drafting bylaws. He indicated the new revenues are not targeted at City residents but visitors to the City.

Director SanFilippo inquired on what the process would be for creation of the parking authority and where the City was in the process. Commissioner Nosworthy indicated they are moving forward with this and the City is in the process of issuing RFPs for appraisal and title services. Director SanFilippo asked for specifics regarding the proposed parking authority and how directors would be appointed. Commissioner Nosworthy provided some details on how the board would be determined. The board would include a total of five members, including a chair and four other members, appointed by the mayor, with the advice and consent of the Common Council.

Director Floss discussed his concern for the record, concerning the interest rates and cost of selling the parking ramps. A due diligence analysis should be completed to understand what interest rate would be for a breakeven point. The Directors discussed the timing and structure of the parking authority's borrowing and the impact that changing interest rates could have. The discussion included concerns around the appraisal and the rating agencies view of the value of the parking ramps.

The Directors discussed the future of the Buffalo Civic Auto Ramps (BCAR) and whether it would continue after a parking authority was created. Commissioner Nosworthy provided extensive detail regarding this. The municipal parking authority will have the ability to contract with BCAR for management and operations of the ramp. The parking ramps will be sold to the new parking authority. The surface lots will remain with BCAR. Certain administrative

functions will be shared between the two entities.

Principal Analyst Link continued the presentation.

There were \$66.0M of potential timing issues impacting revenue recognition identified. The first piece of that is that the Tribal-State Compact casino revenue is potentially overestimated. Revenue recognition could be delayed if a new agreement is not reached. Casino revenue receipts are being held in escrow until there is a new executed agreement. The casino revenue could be overestimated by up to \$38.0M over the financial plan due to this component. The second part is that there may be a difference between what is budgeted by the City compared to what they would receive under a new gaming compact based on recent revenue receipts. It could be overestimated between \$500,000 to \$3.0M annually over the financial plan.

New York State Aid and Incentives for Municipalities (AIM) increases over the three out-years of the financial plan and may be overestimated by \$9.9M cumulatively over the three out-years.

Budget Director Cornell asked how long it took between the last casino contract being executed and for funds to be distributed. Principal Analyst Link replied that this had occurred twice over the last fifteen years. The delay was approximately two to three years. Commissioner Nosworthy provided additional historical data. The City is very confident in its out-year revenue forecasts.

Principal Analyst Link continued the presentation.

Other areas that were identified for potential timing issues include:

- Parking meter fees were potentially overestimated by \$9.3M over the financial plan
- Transfers from the Parking enterprise fund and the municipal parking authority may be overestimated by \$6.8M
- Traffic violation fines are projected to be overestimated by \$2.1M based on past collections

Director Hogues and Commissioner Nosworthy discussed how downtown traffic had been impacted by the pandemic and subsequent shift to hybrid work schedules.

Director SanFilippo asked if BFSA utilized an algorithm or equation to determine that traffic violation fines are projected to be cumulatively overestimated by \$2.1M. Principal Analyst Link conveyed that it was forecasted based on prior years' receipts. The 2025-26 amount is reasonable; the out-years appear to be overestimated.

The Directors discussed the importance of keeping downtown parking accessible to promote commercial activity.

Principal Analyst Link continued the presentation.

The City's gap plan was submitted to the BFSA on May 28, 2025. The gap plan consists of two significant components. The first one is the potential to issue a short-term deficit deficiency note

in the amount of \$30M. The second is a reduction in expenditures totaling \$10.9M for a total gap plan of \$40.9M. The \$10.9M expenditure reduction can be split between departmental reductions of \$8.95M, across all departments, and \$1.95M in general charges. Grants in aid would be reduced by \$200K and the salary adjustment line would be reduced by \$1.75M.

Chair Pro Tempore Floss asked what would happen if there were a larger-than-anticipated deficit. Would the City do the reductions first, the short-term borrowing, or a combination of the two actions? Commissioner Nosworthy explained that he'd conduct a mid-year review to determine the City's financial state and needs. A short-term borrowing would be the last resort. Departmental cuts would occur first, evenly across the departments as we did this past year with the soft hiring freeze and reductions in supplies and contracts. Supplies and services would be the first area to cut expenses; personnel cuts would be the last.

Budget Director Cornell stated he had difficulty reconciling the dissonance between a gap-closing plan that includes deficit borrowing, as compared to the May 2nd letter from the Mayor that called deficit borrowing reckless, short-sighted, irresponsible, dangerous, and lacking common sense. A deficit note is different from a deficit bond in terms of the amount you can borrow and the length of time to service it. Nonetheless, these questions were all discussed in 2020 at which time the City sold a deficit note. At that time the BFSA proposed the possibility of a deficit bond and had requested state authorization for two years to borrow up to \$121.0M. The genesis at the time was that it was a tool have available to address budget shortfalls. Budget Director Cornell thought there's no way we could have deficit financing as part of the gap plan because of that letter, and then the gap plan included it.

Commissioner Nosworthy replied that the original idea of the deficit bond would be a long-term decision and that it would have taken the place of the sale of the parking ramps to a municipal parking authority. That proposal was a deficit bond that would have to be paid back somehow. A deficit bond would not be needed if the necessary legislation to create a municipal parking authority and sale the parking ramps to it was approved. That transaction will happen now. If that transaction is delayed, the City still anticipates the revenue, which is why the deficit note is in the gap-closing plan. It would be paid back within a year with a lot lower interest rate, and it's a very specific tool to use in the instance there is a delay of the sale. With a bond, you are paying a higher interest rate for a longer period, 20-years. They are two different tools.

Budget Director Cornell stated that a deficit bond is a choice of last resort. There's nothing reckless or irresponsible about that choice in and of itself. Everything that led up to that moment was what was reckless and irresponsible.

Director SanFilippo stated the following. I think it is inappropriate to bring this up at this meeting. It seems like you're invoking politics into a public discussion here because at the time, politically it was used as ammunition in a mayoral campaign where the only solution that was being advanced was to borrow \$70.0M prior to the approval of the parking authority. The approval shrunk from \$70.0M in a deficit bond to \$30.0M for a deficit note.

Principal Analyst Link continued the presentation and discussed the various departmental cuts as included in the gap closing plan. All departments outside of police and fire departments would

be reduced by 5%. The police department would be reduced by 2.5% and fire department would be reduced by 1.2%.

Chair Pro Tempore Floss asked how FTEs would be cut. Commissioner Nosworthy stated that FTE cuts were not specifically included within the plan. Principal Analyst Link stated that if the cuts were exclusively in position cuts, it would be just shy of 200 FTEs, or 8% of the workforce. It is noted that those potential reductions are in addition to the \$16.0M staffing freeze as part of the adopted budget, that represents approximately 300 FTEs.

Chair Pro Tempore Floss noted that the City is smoothing out the harder impacts. The City will need to raise property taxes and borrow to address the out-year deficits. The Directors discussed the importance of potential cuts being applied strategically.

Executive Director Robe addressed the Board. The gap-closing plan importantly maintains the City of Buffalo's emergency stabilization fund also referred to as the Rainy-Day Fund. The most recently available balance is \$50,686,000 and is revalued annually based on 30 days of expenditures. As a committed fund balance, it requires an act of the Buffalo Common Council to release it. In the event of a delay in the parking ramp transaction, the deficit borrowing funds the ensuing budget gap. This is important because Assigned and Unassigned fund balance, which would typically be available to bridge these types of budget gaps, is unavailable over this financial plan. Presumably the note would be repaid in the following year with proceeds from the parking ramp transaction. In the event these proceeds are insufficient, taxes likely would need to be increased and if the transaction fails the tax increase would likely be substantial. BFSAs recommends that the City prioritize identifying new or additional revenue sources or potential spending reductions to address the out-year deficits and particularly those revenues that we identified as uncertain or overestimated. BFSAs also recommends that a departmental level plan be developed to identify how those departmental reductions would be achieved. Finally, the financial plan will need to be updated to incorporate the 2025-26 Buffalo Common Council amendments.

Director Hogues noted his hope that as the Board was looking at these measures to reduce spending, the City is keeping an eye on maintaining a certain level of services that residents have come to expect. Commissioner Nosworthy and Director Hogues discussed the importance of maintaining city services and quality of life issues.

City of Buffalo 2024-25 Third Quarter Report

Chair Pro Tempore Floss ordered BFSAs's analysis of the City of Buffalo's Third Quarter 2024-25 report to be received and filed.

Chair Pro Tempore Floss advanced the agenda to the staff's analysis on the Buffalo City School District (BCSD) 2025-26 Adopted Budget.

Buffalo City School District

Analysis of 2025-26 Adopted Budget

Senior Analyst Miller addressed the board and provided the following information.

The Buffalo Board of Education adopted the 2025-26 budget on May 28, 2025. The 2026-2029 draft financial plan has not yet been submitted. It was due on April 8, 2025, as per the BFSA Act and the City Charter, and later by May 28, 2025, as per a BFSA Board extension.

The key findings were as follows.

The adopted budget includes:

- Year-over-year revenue increases of \$25.4M (2.3%)
- Year-over-year expenditure increase of \$20.8M (1.8%)
- A deficit of \$78.8M and a commensurate fund balance appropriation of \$78.8M (6.6% of total expenditures)

Director SanFilippo noted the budgeted appropriation of fund balance and asked how much would remain after this level of drawdown, and if the District was required to maintain a certain level of fund balance. District Chief Financial Officer (CFO) Barnes noted that the District was projecting a \$54.8M drawdown in 2024-25. An additional \$78.8M drawdown would leave the District with \$290.5M. Senior Analyst Miller added that the District was required to maintain 4% of budgeted expenditures in Unassigned fund balance, as per Board of Education policy. The amount in 2025-26 is approximately \$45.5M.

New York State Foundation Aid was appropriated at \$26.5B state-wide, \$35.0M less than the New York State Executive Budget. The BCSD's final 2025-26 Foundation Aid appropriation was \$5.4M (0.6%) lower than the original estimate.

The 2025-26 Adopted Budget includes a structural deficit as budgeted appropriations exceed estimated revenues. General Fund revenues total 93.4% of budgeted General Fund expenditures.

In 2024-25 the District began realigning the total staffing/budgeted appropriations with a declined student population.

- There are currently 262 fewer FTE employees (4.5%) than at FYE 2024 including 323 (8.2%) teachers
- Year two right-sizing initiatives aren't in the 2025-26 Adopted Budget and are deferred to 2026-27

Director SanFilippo asked how the District's student population had declined over the last several school years. Senior Analyst Miller noted that District enrollment had declined by approximately 3,200 since 2019-20. The student population appears to have leveled off, with the current school year showing a slight increase. Buffalo resident pupils enrolled in area charter schools have increased over this period. The continuation of this right-sizing initiative is paramount to the District's financial health.

- The current fiscal year (CFY) will end with a substantial operating deficit and commensurate drawdown of fund balance
- The District's \$78.8M 2025-26 budgeted deficit is substantially greater than the \$36.4M deficit depicted for 2025-26 in the 2025-2028 Adopted Financial Plan, despite additional revenues
- All labor unions funded through the General Fund have labor agreements that expire either June 30, 2025, or June 30, 2026 (excepting the part-time bus aides)

BFSAs estimated that a 3% increase in these contract costs would cumulatively increase General Fund four-year expenditures by an estimated \$104.7M. The impact in 2025-26 would be \$1.4M.

Director Hogues asked why year two of the two-year right-sizing initiative had been deferred to 2026-27. CFO Barnes stated that the District did not give itself enough "runway" to adequately plan to close two schools in 2025-26. Additionally, retirements were anticipated to be much higher in 2024-25 at 300 FTEs; actual retirements were much lower, around 100 FTEs. Cutting 250 teacher positions would have required a significant level of layoffs.

The Adopted Budget does not address the impact of potential federal education cuts.

- Recently proposed actions are poised to significantly affect schools. Current congressional budget bills propose to reduce the rates of increase in future federal outlays, including educational funding.
- Cuts or elimination of these funds would disproportionately affect vulnerable populations and could force reductions in special education, career and technical education, and English language support.
- New York State (NYS) may need to divert local resources to cover shortfalls, putting additional pressure on already strained budgets and potentially leading to cuts in other programs or services.
- Cuts would undermine efforts to provide equitable education, as schools serving the highest-need populations are the most dependent on federal aid.

Chair Pro Tempore Floss noted recent cuts to federal education funding, particularly within school lunches. He asked how the District would continue to fund school meal programs. CFO Barnes stated that the District hadn't seen cuts. The District's food service programs are robustly administered at about 35,000 breakfasts and lunches a day, with a total budget of almost \$50.0M.

Chair Pro Tempore Floss noted that the District receives a federal Medicaid reimbursement and asked how this could be impacted by recent congressional bills. CFO Barnes noted that the District receives \$4-\$5M annually in reimbursement. Proposed cuts could reduce this reimbursement by \$2.5M annually. It would decimate 35,000 of the neediest people in our region.

Senior Analyst Miller continued the presentation.

General Fund revenues increase \$25.4M (2.3%) as compared to the prior fiscal year (PFY) adopted budget. The increase is driven by a \$32.0M (3.8%) increase in NYS aid, offset by a \$12.7M (12.5%) decrease in NYS Building Aid.

General Fund expenditures increase \$20.8M (1.8%) as compared to the PFY adopted budget.

- Employee Compensation is budgeted at \$431.8M, a \$4.8M (1.1%) increase as compared to the PFY adopted budget. Teacher compensation increases \$6.4M (2.2%) based on the total number of budgeted positions and average compensation (includes a step increase and a 3% contractual increase).
- The General Fund staffing plan depicts a net 26 FTE reduction, including 86 teachers, offset with 50 additional teacher aides/teaching assistants and 10 miscellaneous positions.
- Employee Benefits is budgeted at \$244.0M, an \$11.7M (5.0%) increase as compared to the prior fiscal year adopted budget. The increases are driven by increased pension payments, health insurance expenditures, and payroll taxes.
- Transportation is budgeted at \$72.4M, a \$9.4M (14.9%) increase as compared to the District's PFY adopted budget. The increase is based on the anticipated level of transportation services offered by the District and a new bus contract with First Student, Inc. NYS Transportation Aid is received by the District at a rate of approximately 87% of the PFY's expenditures.
- Debt Service is budgeted at \$78.4M, a \$13.3M (14.5%) decrease as compared to the District's PFY adopted budget.
- All Other Expenditures are budgeted at \$179.3M, a \$2.0M (1.1%) decrease as compared to the District's PFY adopted budget. These expenditures include tuition, contracts, textbooks and supplies, repairs, a reserve for contingencies, and maintenance. The \$1.9M Reserve for Contingency represents a reserve for unbudgeted expenditures, including settling expired collective bargaining agreements.
- Charter School Tuition Payments are budgeted at \$180.6M, a \$10.2M (6.0%) increase over the PFY adopted budget. The increase is based on projected enrollment, an increased base tuition rate of \$1,526/pupil, and an increased special education tuition rate. This rate cannot be determined until the New York State Education Department finalizes 2025-26 rates. The District believes that the Charter School Tuition Payment expenditure line may be underbudgeted by \$10.0M to \$15.0M. The District will need to address the additional expenditures via budgetary transfers and/or by modifying the budget to increase overall appropriations if transfers are not sufficient to address these unbudgeted expenditures.

Director SanFilippo asked how the base charter school tuition rate was determined. CFO Barnes noted that it was based on a three-year average of operating expenses. NYSED releases the upcoming year's rates after 99% of all school districts have adopted their respective budgets. Senior Analyst Miller added that different school districts have different tuition rates. The sizeable increase year over year was seen in all statewide rates.

Senior Analyst Miller briefly reviewed historical BCSD and charter school enrollment and deferred to Executive Director Robe to present the final conclusions.

Executive Director Robe made the following points. The budget review was completed without the context of a four-year financial plan and is a standalone review. BFSAs staff is limited in its conclusions until the four-year financial plan is submitted as decisions that are made in this current budget year will impact future years, and that impact will need to be evaluated. On a stand-alone basis, the budget is balanced with a draw on fund balance in the amount of \$78.8

million. Fund balance is a nonrecurring funding source. Revenues are budgeted to increase 2.3% over the 2024-25 Adopted Budget. As discussed, there is a threat that the federal Medicaid reimbursement will be significantly reduced and will be monitored.

CFO Barnes added that District staff had identified an additional \$6.7M in New York State Foundation Aid that should be received in 2024-25 and 2025-26. These revenues were not included within the 2025-26 Adopted Budget and related to the revised formula, specifically, how the formula calculated English Language Learner (ELL) pupils.

Executive Director Robe made the following additional points. Expenditures are budgeted to increase 1.8% over the 2024-25 Adopted Budget. The rate of increase is lower than the rate of increase in revenues; a structural deficit continues since total budgeted expenditures exceed total estimated revenues. It is expected that a deficit will be reported for the year ending June 30, 2025. This deficit is in the range of \$39.0 to \$55.0 million. This is a wide difference from what we've seen in past years, where significant increases in New York State Aid allowed for operating surpluses.

The plan that was submitted to us last year included two years of right-sizing initiatives. Year 2 of this plan was to be 2025-26 and the right-sizing initiatives are not included in this budget. Again, we will evaluate the impact of these decisions across the four-year plan after we receive it.

It is unknown what is occurring to federal education funding and how changes could trickle down and impact local governments and school districts. Our recommendation is for the District to consider the impacts that changes at the federal level will have, or could have, on future funding. There are current bills that if passed will reduce the rate of increase in federally funded educational spending. A reduction would likely have a negative impact to the District as the State could be forced to reduce funding.

Buffalo City School District Third Quarter Report Analysis

Chair Pro Tempore Floss ordered the BFSA Buffalo City School District Q3 2025 analysis received and filed.

Buffalo Urban Renewal Agency (BURA)

Discussion with Management Regarding Lead Remediation Grant

Chair Pro Tempore Floss advanced the agenda to a discussion with BURA management regarding the lead remediation grant. He made the following comments.

The federal lead remediation grant second extension has been denied. He welcomed BURA Senior Program Manager Maria Chudy to the proceedings.

Senior Program Manager Chudy confirmed that the lead remediation grant extension had been denied. BURA was approved for a one-year extension last year and was informed that it would be eligible for a second extension. The second extension was subsequently not approved, and the grant has expired. BURA management was hopeful for the second extension. It has had an impact on the community. BURA is working to remediate as many units as possible. Any funds

not spent by November 1st will be unused. BURA cannot confirm how much work will be completed by then and is attempting to complete as much as possible by November to minimize the loss of grant funding. There remain other funding sources, such as the Community Development Block Grant and the Erie County Lead Grant, that can be utilized for lead remediation efforts.

Chair Pro Tempore Floss asked why the extensions were required. Was it a result of staff not being able to locate eligible contractors? Senior Program Manager Chudy confirmed that there had been staffing issues and general programmatic delays. The work is required to be conducted by a contractor certified by the Environmental Protection Agency. These types of grants require a very specialized certification.

Chair Pro Tempore Floss asked how other municipalities had fared with the lead remediation grants. Program Manager Chudy confirmed that anecdotally, other municipalities had struggled to utilize their grant funding. BURA currently has thirty projects under contract and there are an additional twelve to fifteen projects that BURA is attempting to get under contract by July 4th. BURA is confident that up to forty-five projects will be completed by November. Individuals not provided remediation through this grant will be referred to similar Erie County programs to make sure they are able to receive lead remediation.

Chair Pro Tempore Floss asked how much funding could potentially be returned unused to the federal government. Would the amount be more than \$1.0M? Program Manager Chudy conveyed that lost funding is not expected to be this large and would report back to the Board the actual amount.

2024-25 Third Quarter Report

Chair Pro Tempore Floss advanced the agenda to BURA's Q3 2024-25 analysis and ordered it received and filed.

Buffalo Municipal Housing Authority (BMHA)

Gap Closing Plan

Chair Pro Tempore Floss advanced the agenda to a discussion with BMHA's management regarding its four-year gap-closing plan. He welcomed BMHA Executive Director Gillian Brown and Deputy Executive Director Modesto Candelario to the proceedings to discuss the gap-closing plan presented in the letter submitted to the BFSa and to follow up on the vacancy rate/unit turnover discussion which occurred at BFSa's April 28th Board meeting. Additionally, the BFSa Board would like an update on the Commodore Perry Apartment project.

Deputy Executive Director Candelario addressed the Board and provided the following information. BMHA is anticipating a series of loan repayments. Every time BMHA does a revitalization transaction, it receives grants from the federal government. BMHA puts those grants into the transaction in the form of loans. When the transactions are going to be refinanced for renovations or improvements to the property, BMHA gets some of those loans repaid in the form of a repayment of loans, which are reported as program income. BMHA utilizes this program income for the furtherance of affordable housing. The plan is twofold: one is to help increase Central Office Cost Center (COCC) cash reserves to fund future operating costs. As

COCC reserves are built up, BMHA can provide cashflow assistance to the Marine Drive Apartments. BMHA's gap-closing plan letter indicated approximately \$6.9M in loan repayments from various transactions. These program funds will come to the COCC and fund any operating deficit at the Marine Drive Apartments. BMHA is also anticipating \$1.0M in fees received from phase 1 of the Marine Drive Apartment rebuild project, scheduled to begin in the summer of 2025. BMHA anticipates a thirty-one-month construction period of the Marine Drive phase one. BMHA is additionally looking to increase Marine Drive rents by 10%, pending New York State approval.

Chair Pro Tempore Floss noted that the Marine Drive Apartments currently have a large vacancy rate. He asked if people are eligible to move to the new Marine Drive Apartments, could they be placed in the current property to help reduce the cash needs? It would be taking care of seniors who desperately need housing. Why isn't that the process that we're following?

Deputy Executive Director Candelario responded that the challenge is that renovating the units and moving new residents into Marine Drive is quite high. To get the currently vacant units up to standard takes a considerable investment. It may not be worth the investment if the individuals will be transferring into the newly built apartments within a few years. The turnover cost for a lot of the vacant units is high. Many of the floors contain asbestos. It's a very costly proposition to remove these floor tiles to prepare the units for a new family. The average rental receipt per unit is \$500/month. Extensive remediation turnover costs may not be worth the revenues generated by renting the units.

Chair Pro Tempore noted that a family occupying the space paying \$500/month for thirty months would generate \$10,000 to \$15,000 in rental receipts and help a family find affordable housing. It may be worth the remediation costs to make these units habitable.

Executive Director Brown stated that BMHA has not suspended all move-ins to the Marine Drive Apartments. BMHA is triaging certain apartments to the extent possible. Marine Drive has very limited funds. BMHA management is trying to be responsible with these limited funds. Marine Drive receives no operating subsidy. BMHA management annually requests a 10% increase in rent to try and cover operating expenses. The rents are well below the market rate.

Chair Pro Tempore Floss asked what the vacancy rate at the Marine Drive Apartments was. Senior Analyst Miller stated it was approximately 23% with 150 vacant units.

Chair Pro Tempore Floss asked for a status update on the Commodore Perry Projects revitalization.

Executive Director Brown provided the following update. It was one year and one month ago that BMHA started demolition. BMHA demolished twenty-nine vacant, boarded up structures. The site was cleared. More than 400 units will be going up on the razed site. The two-story structures on South Park Avenue are 3/5 completed. Approximately thirty units are about to be let. The road work and landscaping are completed. After phase one is completed, phase 2a and 2b will begin.

Executive Director Brown discussed the many amenities that new facilities would include.

The Directors discussed the importance of commercial space at or near the Commodore Perry Projects and the need to access reliable transit services.

2024-25 Third Quarter Report

Chair Pro Tempore Floss advanced the agenda to the BMHA Q3 2024-25 report analysis. He ordered the staff report to be received and filed.

Declaration of an Incomplete Financial Plan

Chair Pro Tempore Floss advanced the agenda to Resolution No. 25-05, “Declaration of Incomplete Financial Plan”. The financial plan has been deemed incomplete as the District has not submitted a four-year financial plan.

Motion by Poloncarz (proxy Cornell). Second by Hogues. Resolution No. 25-05 was approved 5-0.

BFSA Items

Adoption of 2025-26 BFSA Budget and 2026-2029 Financial Plan

Chair Pro Tempore Floss advanced the agenda to the adoption of BFSA’s 2025-26 and the 2026-2029 Financial Plan, and to approve the annual audit engagement. The budget and financial plan were reviewed at the March 10, 2025, Audit, Finance and Budget Committee. The documents were publicly posted to solicit comments. No comments were received.

Chair Pro Tempore Floss requested a motion to approve Resolution No. 25-06, “Adoption of 2025-26 Buffalo Fiscal Stability Authority Budget and 2026-2029 Four-Year Financial Plan”.

Director SanFilippo addressed the Board with the following questions. Actual 2024 fiscal year-end (FYE) legal fees were \$2,530 and current fiscal year-end legal fees are forecasted at \$7,500. Why does the proposed budget and financial plan include \$40,000 in annual legal fees? Other professional fees were \$5,550 in FYE 2024 and forecasted to be \$10,000 at CFYE. Why does the proposed budget and financial plan include \$52,000 for this expenditure?

Executive Director Robe explained that legal fees had previously been budgeted significantly higher and included both general counsel fees and litigation fees. The expenditure line has been reduced substantially but is budgeted higher than the current year-end forecast as a contingency in case there is new litigation. Other professional fees are budgeted higher as well. This expenditure line can be utilized if the BFSA Board wishes to contract an outside specialist for a specific study.

Budget Director Cornell asked how surplus funds were handled by BFSA as BFSA is funded via a sales tax intercept. Are surplus funds remitted to the City of Buffalo? Executive Director Robe confirmed this and deferred to Comptroller Waldren to explain the mechanics of the transaction.

Comptroller Waldren stated that BFSAs intercept sales tax and retain funds to meet its operating expenses. Funds are received every two weeks. BFSAs also have investment income in treasury bills to maximize returns. BFSAs maintain a minimum deposit amount to avoid banking fees. At year-end there is a reconciliation of funds held by the BFSAs and amounts above what is determined to be necessary are provided back to the City.

Chair Pro Tempore Floss called the question. Motion by Hogues. Second by Poloncarz (proxy Cornell). The Board voted 5-0 to approve Resolution No. 25-06.

Chair Pro Tempore Floss introduced Resolution No. 25-07, "Approve Engagement of Lumsden & McCormick, LLP as Independent Auditor for the BFSAs for the Fiscal Year Ended June 30, 2025". Lumsden & McCormick has provided excellent service over the last several years. There is a fee increase of \$800 over last year. The approval of this item will extend the contract for an additional year.

Motion by Hogues. Second by SanFilippo. Resolution No. 25-07 was approved 5-0.

New Business

Chair Pro Tempore Floss opened the floor to discuss new business. Hearing none, the agenda was advanced.

Privilege of the Floor and Adjournment

Chair Pro Tempore Floss noted there were no members of the public present to address the Board. Hearing no comments, a motion to adjourn was called. Motion by SanFilippo. Second by Hogues, approved 5-0. The meeting adjourned at 4:11PM.