

**Minutes of the
Erie County Fiscal Stability Authority Meeting
Via ZOOM
October 30, 2020**

Present: Chairman James Sampson, Director Craig Speers, Director Cathleen Creighton, Director Peter Marlette, Director Oliver Young, Director Connolly and Executive Director Kenneth Vetter

Chairman Sampson: “Why don't we call to order this meeting of the Erie County Fiscal Stability Authority? It should be, I suspect, reasonably short. But before we get into the substance of the meeting, I'd like to draw members attention to the minutes from the meeting October 7th, which everybody has received. That's the meeting at which we heard from Erie Community College staff and their interim president and their board chair. Could I have a motion to except the minutes?”

Director Spears: “So moved.”

Chairman Sampson: “Second?”

Director Creighton: “Second.”

Chairman Sampson: “Any discussion? All in favor, say Aye.”

All: “Aye. “

Chairman Sampson: “Opposed? Motion carries.”

Resolution No. 20-19
APPROVING MINUTES FROM
THE OCTOBER 7, 2020 MEETING

BE IT RESOLVED that the Erie County Fiscal Stability Authority approves the minutes of its OCTOBER 7, 2020 meeting and affirms three resolutions numbers 20-16, 20-17, and 20-18 that were approved on OCTOBER 7, 2020.

This resolution shall take effect immediately.

Chairman Sampson: “Last week, October Twenty second we met and heard from Bob Keating and Ben Swanecamp regarding status of the county budget as well as the four- year plan. We had a number of questions for them and they responded to those questions and staff with the

Authority that prepared a final report for our consideration. And as part of that report, we will entertain a resolution to maintain an advisory status for the upcoming year. Before we go forward with that, is there anything you want to add Ken. I see Bob and Ben are also on the line? So, Ken, anything you want to add?"

Mr. Vetter:

"Yes, Mr. Chairman, again, just to summarize what's in the report and in the resolution and both have been shared with the county and the county has indicated that what's there is a fair assessment and really just some major points there that the county has done an excellent job in managing its finances during an extremely difficult health situation. There are no if-come revenues there. The county's budget and financial plan are both reasonable and achievable. The report and the resolution identify some items that are may be troublesome in the future, but that's because there are so many unknowns. It's nothing that the county has done with COVID-19 out there. Things could get better, things could get worse, depending upon what happens in Washington over the next few weeks."

"If things go the way they anticipate in the election cycle, the county could be faced with a wealth of riches at some point in the not too distant future. And you'll be anticipating what they could do or would do with a windfall coming from Washington and the lack of a reduction in state funding as well. So, I think that's one side of the coin at the other side, if you listen to Anthony Fauci that we're still in phase one of the pandemic and there may be two, three, four, five phases. I think the budget and financial plan indicate and assume that over the next couple of years, the effects will still be there from COVID-19, but to varying but mostly lesser degrees going forward. If they're more troughs, that would create more difficulties for Erie County and other state and local governments. But I think the crux of the report is the county has done a very good job given the situation that's out there. They've done the absolute best that they can with all the unknowns that are out there."

"Their estimates are conservative, they're reasonable, they're doable. There are risks out there, with their largest revenue source being sales tax, with potential uncollected property taxes, with certain health and human services programs, with health insurance for current employees and retirees. But again, given the situation we're in and the anomaly that 2020 is, the county has done an excellent job and all of their estimates are within reasonable ranges and fairly conservative."

Chairman Sampson: "I thank you again, Ben, is there anything you'd like to add?"

Mr. Swanecamp: "No, I think Bob and I are in agreement where we saw the draft report and we thought it was a very fair assessment of the situation we're in. Bob, if you want to chime in."

Mr. Keating: "I just want to thank Ken, because over the years the review process has helped us develop a better budget. So, it's a real positive, you know, cooperative effort and it helps both sides as I see it. So, thank you.

Chairman Sampson: "Thank you. Do any members have questions for Ken or Bob or Ben?"

Director Creighton: "I don't have a question, but this is a real kumbaya moment where the county is saying that the ECFSA has made them better and the ECFSA is saying that the county is terrific. So, I couldn't be more delighted. Is there any media on this? This is amazing."

Mr. Vetter: "We do have county legislators and staffers on. So maybe it'll get to the media, I don't know."

Director Creighton: "Let's publish the happy story."

Mr. Keating: "It's so cold outside. Wouldn't mind having a campfire now. So that's it's a good time for it."

Director Creighton: "I bought a cord of wood for the winter."

Chairman Sampson: "Any other questions or observations from board members?"

Director Young: "None for me Jim. I think all of my questions and concerns were addressed at the Finance Committee meeting, so I'm pretty satisfied with everything."

Chairman Sampson: "I would only make one observation. I think everyone knows that the story could have been much different with all the forces in play right now. It looks like we will be able to move in next year, being in good shape and a good handle of what's going on. And if anything seems to shift, I think the county is well prepared to make the necessary adjustments. So, with that observation, what I do is entertain a motion to approve the resolution that is contained within your packet."

Director Marlette: "So Moved."

Chairman Sampson: "Second?"

Director Young: “Second.”

Chairman Sampson: “Any questions, observations? All in favor say aye.”

All: “Aye.”

Resolution No. 20-20

FINDING THAT ERIE COUNTY’S 2021-2024 FINANCIAL PLAN IS COMPLETE AND COMPLIANT WITH NEW YORK PUBLIC AUTHORITIES LAW SECTION 3957, AND CONTINUING THE ADVISORY PERIOD UPON ERIE COUNTY

WHEREAS, Chapter 182 of the New York Laws of 2005 (the “ECFSA Act”), as amended, created the Erie County Fiscal Stability Authority (“ECFSA”) to serve as a corporate governmental agency and instrumentality of the State of New York, and as a public benefit corporation to “oversee [Erie County’s] budget, financial and capital plans; to issue bonds, notes or other obligations to achieve budgetary savings and to finance short-term cash flow or capital needs; and, if necessary, to develop financial plans on behalf of the County if the County is unwilling or unable to take the required steps toward fiscal stability;” and

WHEREAS, Public Authorities Law section 3957(1) requires the Erie County Executive to “prepare and submit to the [ECFSA] a four-year financial plan and the County Executive’s proposed county budget, not later than the date required for submission of such budget to the [Erie County] legislature pursuant to the county charter;” and

WHEREAS, the four-year financial plan, as defined by Public Authorities Law section 3951(14), is a “financial plan of [Erie County] and [its] covered organizations”; and

WHEREAS, pursuant to Public Authorities Law section 3957(2)(b), “[n]ot more than twenty days after submission of a financial plan, the [ECFSA] shall determine whether the financial plan is complete and complies with the provisions of [section 3957];” and

WHEREAS, County Executive Mark Poloncarz duly submitted his proposed budget for Erie County (the “County”) for fiscal year 2021 on October 15, 2020, and a four-year financial plan (“Plan”) for fiscal years 2021-2024, to the ECFSA on October 15, 2020 (the “2021-2024 Plan”); and

WHEREAS, fiscal years 2022 through 2024 constitute the “Out Years” of the 2021-2024 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2021-2024 Plan “contain actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year;” and

WHEREAS, Public Authorities Law section 3957(2)(b) instructs the ECFSA to determine on or before November 3, 2020, whether the 2021-2024 Plan complies with the provisions of the ECFSA Act, including section 3957; and

WHEREAS, the members of the ECFSA Board of Directors have reviewed the 2021-2024 Plan; and

WHEREAS, the ECFSA has developed concerns regarding the reasonableness of the following assumptions underlying the Plan:

1. With regard to the Erie County Medical Center Corporation (ECMC), the county has crafted its budget and associated financial plan to reasonably reflect anticipated county liabilities to ECMC. However, given ECMC's contractual relationship with the county and potential changes to the Affordable Care Act and/or Medicaid reimbursements may impact county finances going forward; and
2. Given the order of magnitude of sales tax revenues and the current year reductions due to the COVID-19 pandemic, attention to sales tax revenues is important. The county has forecasted sales tax revenues in the current version of the plan at an appropriate level. However, given the volatility of this revenue source, it would behoove the county to monitor this revenue and maintain contingency plans should it not meet budget; and
3. Given the potential ongoing impacts of COVID-19, the county has appropriately doubled its reserve for uncollectable taxes for 2021, but not extended that additional reserve for the out years of the financial plan, in the event effects of the pandemic are longer lasting; and
4. Due primarily to reduced census in the Jail Management Division, the county's overtime budget has been reduced by \$6 million in the 2021 budget, as compared to the 2020 adopted budget. That reduction, with certain salary multipliers has been carried forward through 2024. It's assumed that bail reform and COVID-19 are the primary drivers in this permanent census reduction. There is a concern that the census decline may not be permanent, thereby resulting in higher overtime costs in the future; and
5. The county has increased its vacancy savings estimates in the 2021 budget and associated financial plan. Given ECFSA's monitoring of vacancy savings, those estimates are reasonable. However, the reduction in positions in the 2021 budget make that target more difficult to achieve; and
6. There is concern that certain fringe benefit costs, particularly current employee and retiree health insurance, may exceed county expectations over the period of the financial plan; and
7. The county has not specifically budgeted for potential, new labor contract salary increases in the plan. We urge the county to prepare for potential negotiations with an eye toward further benefit and/or work rule changes that will foster a stable county labor force, while not overburdening its finances; and

8. The county has based its 2021 budget and out year forecasts on certain COVID-19 assumptions that indicate a slow, but steady recovery, without additional Federal pandemic funding. The county would be best served to prepare for better or worse case scenarios so that it can program and manage in the event the pandemic becomes more severe and/or additional Federal COVID-19 revenue becomes available; and
9. As Local Sponsor for Erie Community College (ECC), the county has assumed a steady stream of financial support for the College. Even with that support, the College’s current business model is unsustainable. ECC is in the process of reinventing itself to assure it meets it’s charge in its educational and community role. As the College’s local sponsor, the county should be an active participant in the process to enhance the College’s ability to meet its charge and stabilize its finances.

WHEREAS, the ECFSA has nonetheless determined that the 2021-2024 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2021 and the Out Years – that annual aggregate operating expenses for such fiscal year shall not exceed annual aggregate operating revenues for such fiscal year; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA finds that the 2021-2024 Plan is complete and otherwise complies with the requirements of Section 3957 and the ECFSA Act; and

BE IT FURTHER RESOLVED that the ECFSA remains in advisory status, as described by Public Authorities Law section 3958; and

BE IT FURTHER RESOLVED that the ECFSA shall impose a control period upon the County whenever the ECFSA determines that any one of the six circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen.

This resolution shall take effect immediately

Chairman Sampson: “Opposed? Motion carries and the resolution is approved. I will entertain a motion to adjourn.”

Director Spears: “So moved.”

Chairman Sampson: “Second?”

Director Marlette: “Second.”

Chairman Sampson: “All in favor say aye?”

All: “Aye.”

Chairman Sampson: “Opposed? Motion carries.”

Respectfully submitted,

James Sampson, Chairman

October 30, 2020