

Erie County Fiscal Stability Authority

Resolution No. 09-60

PROVISIONALLY ACCEPTING THE COUNTY EXECUTIVE'S PROPOSED BUDGET AND FOUR YEAR FINANCIAL PLAN AND REQUIRING ADDITIONAL INFORMATION WITH RESPECT THERETO

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, 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 Christopher Collins duly submitted his proposed budget for Erie County (the "County") for fiscal year 2010 and a four-year financial plan ("Plan") for fiscal years 2010-2013 (the "2010-2013 Plan") to the ECFSA on October 2, 2009; and

WHEREAS, fiscal years 2011 through 2013 constitute the "Out Years" of the 2010-2013 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2010-2013 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;"

WHEREAS, Public Authorities Law section 3957(2)(b) instructs the ECFSA to determine on or before October 22, 2009 whether the 2010-2013 Plan complies with the provisions of ECFSA Act, including section 3957; and

WHEREAS, the members of the ECFSA Board of Directors have reviewed the 2010-2013 Plan and have concerns about the reasonableness of several assumptions therein, and, consequently, the ECFSA is looking to the County to address those concerns by providing the additional information as set forth herein; and

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

- (1) That sales tax revenues will increase by 2.05% in 2010, and by 3% during each of the Out Years;
- (2) That the County's proceeds from the collection of real property taxes will increase by 4.4% during each of the Out Years;
- (3) That overtime expenses will decrease in 2010 and during the Out Years;
- (4) That the County will not need to increase its annual financial contribution to Erie Community College ("ECC"), even though ECC has assumed that the County's contribution will increase by \$500,000 during each of its next four fiscal years;
- (5) That the County will not need to disburse or bond for \$23 million in capital improvements at Erie County Medical Center ("ECMC"), notwithstanding the provisions of the County's binding consent decree with ECMC (the "Consent Decree");
- (6) That the County will not need to make certain intergovernmental transfer payments ("IGT's") to ECMC;
- (7) That the County will not bear liability for any operating losses that ECMC might sustain after the Consent Decree expires in 2010;
- (8) That the County will make only \$20.6 million in negotiated payments to employees represented by the American Federation of State, County and Municipal Employees ("AFSCME") and the Teamsters;
- (9) That the County will cut property tax revenue payments to the Buffalo and Erie County Public Library by 10% by 2013;
- (10) That the County will realize an increase in revenue from the collection of various user fees by \$500,000 in 2010, \$750,000 in 2011, and \$1 million in 2012;
- (11) That the County will use fund balance to close budget gaps during the Out Years, without accounting for the resulting negative impact on the County's credit rating, borrowing costs, or realization of revenue from investments;
- (12) That property tax rates will not increase, even though the Plan anticipates that property tax hikes will close budget gaps during the Out Years;

(13) That the County will reduce the number of positions in its workforce during the next four years;

(14) That the County will realize meaningful savings from the implementation of Six Sigma initiatives; and

(15) That the County will repeal the sharing of sales tax revenues with its cities, towns, and villages; and

WHEREAS, the ECFSA requires additional information and plans of action substantiating the reasonableness of these assumptions;

NOW, THEREFORE, BE IT RESOLVED the ECFSA provisionally accepts the 2010-2013 Plan and remains in advisory status, as described by Public Authorities Law section 3958; and

BE IT FURTHER RESOLVED that the ECFSA directs the County to submit in writing, no later than December 31, 2009, additional information, action plans, and progress on and results of initiatives, or other documentation demonstrating the reasonableness of the fifteen assumptions enumerated above; and

BE IT FURTHER RESOLVED that the ECFSA will continue to monitor the County's progress in implementing the initiatives and achieving the objectives that serve as a basis for the assumptions in the 2010-2013 Plan and may, at any time the ECFSA deems necessary and appropriate, require the County to modify the 2010-2013 Plan, in such detail as the ECFSA may require, pursuant to Public Authorities Law section 3957(2)(f); 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 five circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen; and

BE IT FURTHER RESOLVED that the ECFSA shall evaluate these five circumstances, and adopt a resolution determining whether to re-impose the control period upon the County, no later than January 31, 2010.

This resolution shall take effect immediately.

Stanley J. Keysa
Secretary

Date: October 16, 2009