

Erie County Fiscal Stability Authority

Resolution No. 13-20

FINDING THAT ERIE COUNTY'S 2014-2017 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), "not more than fifteen 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, the County Executive duly submitted the adopted 2014 budget for Erie County (the "County"), and a four-year financial plan ("Plan") for fiscal years 2014-2017, to the ECFSA on December 12, 2013 (the "2014-2017 Plan"); and

WHEREAS, fiscal years 2015 through 2017 constitute the "Out Years" of the 2014-2017 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2014-2017 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 January 2, 2014, whether the 2014-2017 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 2014-2017 Plan and is concerned that the County is facing \$15.7 million in fiscal gaps prior to any adjustments to the county's estimates; and

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

1. Plan estimates for sales tax revenues, given recent history and longer term trends do not appear as to be as conservative as they could be. The plan assumes a 2.94% increase in 2014 sales tax over 2013 forecasted amounts. That followed by 2.75% increase for each year from 2015-2017; and
2. Erie County is proposing to participate in the New York State Comptroller's Pension Stabilization Program that would provide a \$8.6 million net benefit to the 2014 budget with an anticipated 3.67% rate over a ten year period; and
3. In the 2014 budget message the county changed its definition of "turnover" to include increased overtime or other personnel transactions. The county's overtime, while improving, could be short by almost \$14 million over the period of the plan; and
4. There are no provisions in the plan for a contract settlement salary increase for CSEA, the County's largest labor union. Currently, the CSEA and the county are at impasse, it is anticipated that the County Legislature will at some point impose a settlement for the oldest unresolved contract year- 2008; and
5. The county has extended its use of fund balance as a revenue source to balance its budget for the entire period of the plan. The potential use of \$23 million of fund balance reduces the county's reserves and indicates an imbalance between recurring revenues and expenses.

WHEREAS, the ECFSA has nonetheless determined that the 2014-2017 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2014 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

WHEREAS, the 2014-2017 Plan is complete and otherwise complies with the requirements of Public Authorities Law section 3957 ("Section 3957") and the ECFSA Act; and

NOW, THEREFORE, BE IT RESOLVED that the ECFSA finds that the 2014-2017 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 five circumstances listed in Public Authorities Law section 3959(1)(a) through 3959(1)(e) shall have arisen.

This resolution shall take effect immediately.

James Sampson,
Chairman

Date: December 19, 2013