

Erie County Fiscal Stability Authority

Resolution No. 15-11

FINDING THAT ERIE COUNTY'S 2016-2019 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 2015 on October 14, 2015, and a four-year financial plan ("Plan") for fiscal years 2016-2019, to the ECFSA on October 14, 2015 (the "2016-2019 Plan"); and

WHEREAS, fiscal years 2017 through 2019 constitute the "Out Years" of the 2016-2019 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2016-2019 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, 2015, whether the 2016-2019 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 2016-2019 Plan; and

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

1. Given the volatility of sales tax revenues and prior overestimations, the county has reduced sales tax revenues in the current version of the plan. The county has indicated the current year sales tax revenues will be \$8-10 million under budget. The reduction has been accounted for in the new plan and estimated more conservatively for 2016-2019; and
2. Although overtime expenses are improving, they are not meeting expectations in the 2015 budget and may continue to fall short for the period of the financial plan; and
3. The county has increased and extended its use of vacancy savings through the period of the financial plan; and
4. There is concern that certain fringe benefit costs may exceed county expectations over the period of the financial plan; 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 continued proposed use of fund balance reduces the county's reserves and indicates a structural imbalance between recurring revenues and expenses.
6. Given that all the county labor agreements expire or already have expired during the period of 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 taxpayers.

WHEREAS, the ECFSA has nonetheless determined that the 2016-2019 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2016 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 2016-2019 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 2016-2019 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: November 2, 2015