

Erie County Fiscal Stability Authority

Resolution No. 21-14

FINDING THAT ERIE COUNTY'S 2022-2025 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, 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 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, County Executive Mark Poloncarz duly submitted his adopted budget for Erie County (the "County") for fiscal year 2022 and a four-year financial plan ("Plan") for fiscal years 2022-2025 based on the adopted budget, to the ECFSA on December 8, 2021 (the "2022-2025 Plan"); and

WHEREAS, fiscal years 2023 through 2025 constitute the "Out Years" of the 2022-2025 Plan; and

WHEREAS, Public Authorities Law section 3957(1) requires that the 2022-2025 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 December 23, 2020, whether the 2022-2025 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 2022-2025 Plan; and

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

1. Erie County has benefitted directly from two pieces of COVID related federal legislation – the CARES Act and American Rescue Plan (ARP). The two have provided the county with over \$318 million in revenue over 3 fiscal years. That direct funding and ancillary federal support to buoy the economy has allowed the county to restore positions and funding cut during the pandemic. At some point, federal support will wane, and potential negative economic impacts could occur for the county; and

2. As federal support wanes, the need for county provided health and human service programs could increase, thereby changing the current downward trend in program usage the county has used as a base in its financial forecasts; and
3. With regard to the Erie County Medical Center Corporation (ECMCC), the county has crafted its budget and associated financial plan to reasonably reflect currently anticipated county liabilities to ECMC. However, given increases of \$17.4 million for 2022 and \$39.2 million over the 4-year period in ECMC related liabilities, as compared to the 2021 adopted version of the financial plan, there is a potential for further required hospital spending that could negatively impact the county's financial position; and
4. Given the order of magnitude of sales tax revenues (33% of budget) and the current year unprecedented increases in this revenue source, thereby significantly increasing the base for 2022 and the out-years of the financial plan, there is a risk that the current positive trend may not continue. It would behoove the county to monitor this revenue and maintain contingency plans should it not meet budget; and
5. As the local sponsor for Erie Community College, the county provides almost \$20 million per year in financial support to the institution. ECC has experienced enrollment decreases of 45% since its high point in 2010. The decline is expected to continue, thereby making the college's long-term financial health untenable. In the college's transition to a sustainable educational and business model, the county may be called upon to provide increased operational and capital support, which could create fiscal pressure for the county's own budget; and
6. The Buffalo Bills have proposed a \$1.4 billion stadium to replace the current Highmark facility in Orchard Park. It is reasonable to expect the county will incur some liability with respect to the new facility; and
7. The county has retained vacancy savings as a budgeted savings in its 2022 budget and associated financial plan. Given ECFSA's monitoring of vacancy savings, those estimates are reasonable. However, maintaining this budgeted savings removes position vacancies as a potential gap filler if the county encounters unforeseen financial issues in the future; and

WHEREAS, the ECFSA has nonetheless determined that the 2022-2025 Plan contains actions sufficient to ensure with respect to the major operating funds for each fiscal year of the plan – including budget year 2022 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 2022-2025 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

James Sampson,
Chairman
Date: December 20, 2021