



The City of Buffalo Common Council

1413 City Hall
Buffalo, NY 14202

SCHEDULED

AGENDA ITEM 20-536

Meeting: 04/28/20 02:00 PM
Department: Admin., Finance
Category: Communication
Prepared By: Max Medwin
Initiator: Max Medwin
Sponsors:
DOC ID: 11951

City Financial Status Update

Submitted for the review of this Honorable Body, please see the attached document.



BYRON W. BROWN
Mayor of Buffalo

DONNA J. ESTRIC
Commissioner

DEPARTMENT OF ADMINISTRATION, FINANCE, POLICY & URBAN AFFAIRS

Council Requests:

- 1) Requests the departments of Administration and Finance as well as Audit and Control to identify what, if any, items currently under consideration by Council committees require immediate attention for the fiscal stability of The City;
- 2) Requests the departments of Administration and Finance as well as Audit and Control to also produce reports that show the current status of The City's financial status;
- 3) Specifies that such reports should include, but not be limited to, the balance of interfund loans in FY20, fiscal year to date revenues, expenses, cash flow, outstanding liabilities, anticipated shortfalls for FY20, and potential sources for aid;
- 4) Requests that any accounts reported include budgeted amounts and actual spending;
- 5) Requests that the reports containing the aforementioned information be filed with The Council for its session to be held April 14, 2020; and
- 6) Directs the City Clerk to forward copies of this resolution to Mayor Brown and Comptroller Miller-Williams.

City of Buffalo, Department of Administration, Finance, Policy and Urban Affairs Response:

The Department of Administration & Finance is currently preparing a projection of our financial position for the current fiscal year 2019-2020. A detailed account of the 2019-2020 Budget outlook will be filed with the Council in the form of the 3rd Quarter Gap Report, on May 1st. A summary of significant impacts to the current year budget due to the COVID-19 pandemic response is outlined below. As of the draft 3rd Quarter Gap report, we are estimating a deficit at the end of the current year due to a significant loss of revenue without an infusion of federal aid.

Our projected loss of revenue is a result of the following:

- Taxes – As of today, our projected loss of \$1 million is due to freeze of interest and penalties.
- License and permits - \$580,000 loss due to street and building permits related to special events, businesses, and construction that have been canceled or postponed due to current and anticipated social distancing measures.

Attachment: Update - City Financial Status (20-536 : City Financial Status Update)

- Intergovernmental - \$12.03 million reduction. This includes an assumption that we will see a loss of parking ticket surcharge revenue for the rest of the year. Sales Tax income before the crisis, was trending to end higher than our budgeted amount of \$89.8 million by at least 5.4% or \$4 million. Now, we anticipate sales tax revenue be about \$5 million less than budgeted or 15% less per month. This is based on a memo issued by New York State Association of Counties (NYSAC) entitled “Coronavirus Economic Impact: County Sales Tax Revenue Projections.” The memo estimates a 15% loss of sales tax revenue in a severe scenario.
- Service charges - \$5.48 million loss. This includes loss of revenue from parking meter fees, towing & storage, special event fees, and recreation fees. This also includes a projected amount for rental dwelling registration and public utility inspection fees that will be lower than budgeted.
- Fines - \$4.5 million loss. This includes loss of revenue from traffic violations and parking ticket fines and penalties. This also includes a projected amount for other fines and penalties that will end the year lower than budgeted.

We anticipate changes in expenses as follows:

- Personnel expenses – \$410,000 additional expense. Although we anticipate savings from overtime and vacant positions, there will still be overtime expenses for our three largest departments, Fire, Police, and DPW.
- Supplies - \$150,000 additional expense. We anticipate purchasing computers, cleaning products, and other supplies needed during the crisis. As of today, we estimate COVID-19 related expenses to be \$865K.
- Utilities - \$1.2 million savings. This includes savings for natural gas and electric.
- Other expenses – \$4.37 million additional expenses. This includes adjustments for higher than budgeted amounts for judgements and claims.
- Fringe benefits - \$6.4 million savings. This includes savings in health insurance, dental insurance, and retirement payments.

As of today, there are no critical council items pending outside of the pending School Bus Arm cameras agreement, which could potentially generate much needed revenue for the City. There is a proposal forthcoming to solicit bids to retain a new Collections Agency that would serve city-wide billable service processes and expand collection capabilities such as out of state pursuits and transparent reporting.

The Department of Administration and Finance is currently pursuing available aid through the FEMA Public Assistance Program, a 75% cost share program, as well as CARES Act grant funds through the DOJ, approximately \$700k. The City will continue to monitor the environment and pursue additional funding that may become available through future federal stimulus aid to municipalities across the country that are experiencing the same revenue losses occasioned by this pandemic.