

SUSPENSION



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

March 7, 2013

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Re: Reduced 2013 Capital Borrowing for Construction Projects

Dear Honorable Members:

As many legislators are already aware, based on oral testimony by myself and Deputy Budget Director Timothy Callan to the Legislature's Community Enrichment Committee and Finance and Management Committee last week, due to the County's 2013 budget gap and structural imbalance, the County has been compelled to reduce the amount of bonds issued to finance 2013 capital projects.

The 2013 Capital Budget and 2013 Consolidated Bond Resolution anticipated that the County would issue \$38.9 million in bonds in 2013 for approximately forty five (45) various building, parks, highways and other projects. Due to the budget situation, we have reduced the amounts to be sold by approximately \$9 million. Therefore, the Erie County Fiscal Stability Authority ("ECFSA") will sell bonds generating \$29.6 million within the next month on behalf of the County for 2013 capital projects.

The County did not make this decision lightly; we would have preferred to be able to conduct all the work in 2013. Unfortunately, the Legislature's 2013 budget amendments precipitated this action. In an effort to address budget gaps in 2013-2016, the County needs to reduce costs and reducing the inter-fund subsidy from the General Fund to the Debt Service Fund (and therefore borrowing less) is one cost containment option. This office has consistently informed your Honorable Body that budgetary control measures were necessary.

Contrary to the comments made by minority caucus legislators in legislative resolution Intro. 5-3, we clearly and openly stated in the revised Four Year Financial Plan that we would reduce capital borrowings to reduce expense. ECFSA concurred with our approach. My office is disappointed that even when "applauding" the County Executive's "efforts to save taxpayer dollars over the long term by reducing the 2013 capital borrowing", the minority caucus has introduced a legislative resolution that attacks the administration for reducing the amount of bonds. Rather than engaging in partisan attacks, it would be helpful if minority caucus legislators worked cooperatively with the administration to address the structural budget problems facing the County.

Pursuant to Section 302 (r) of the Erie County Charter, the County Executive retains the authority, if necessary, to reduce the amount of capital bonds authorized by the Legislature to be sold by the County Comptroller. Section 302 (r) says: "The county executive, in addition to any other powers and duties provided by this charter shall: Determine annually the amount of capital borrowings required

to fund capital projects which were approved by the legislature in the current or prior year budgets." As such, the language in the first resolve clause in Intro. 5-3 directing the County Executive to resubmit the 2013 capital program to the Legislature for review and approval has no legal effect.

In 2013, six projects will not be bonded and eight projects will have a lower amount of bonds issued. The projects that will not be bonded in 2013 are:

- Evans Shoreline Trail
- ECC South Auto Bureau
- ECC Window and Door Replacement
- ECC Code Compliance
- Dam Safety and Preservation – Design
- Dam Safety and Preservation – Construction

In addition, the eight projects that will have lower amounts of bonds sold in 2013 are:

- Countywide Parks Improvements (\$250,000 reduction)
- Countywide Code Compliance (\$150,000 reduction)
- Countywide Roof Replacement (\$100,000 reduction)
- Countywide Mechanical, Electrical and Plumbing (\$150,000 reduction)
- Replacement of Fleet Pool Vehicles (\$125,000 reduction)
- Preservation of Roads (\$4,550,000 reduction; Brighton Road will not be conducted in 2013, Penora Road's cost estimate was reduced by \$250,000 and various preservation of roads projects is reduced by \$1,300,000)
- Preservation of Bridges and Culverts (\$1,750,000 reduction; Girdle Road bridge will not be conducted in 2013 and emergency bridge work is reduced by \$250,000)
- Highway Vehicle and Equipment Replacement (\$100,000 reduction)

Under local finance law, the authority to bond for capital projects remains in effect for ten years after legislative approval. The administration currently expects that we will conduct postponed 2013 capital project work in 2015 and 2016, annually issuing \$4.65 million of the 2013 authorized bonds in those years. In addition, during 2013 there are many other road and building projects continuing using pay-as-you-go and prior year bond funds.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,



Robert W. Keating
Director of Budget and Management

RWK/tcc

cc: County Executive Mark C. Poloncarz
County Attorney Michael Siragusa, Esq.
County Comptroller Stefan Mychajliw
Erie County Fiscal Stability Authority