



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

October 1, 2019

Erie County Legislature
92 Franklin Street 4TH Floor
Buffalo, NY 14202

Dear Honorable Legislators:

Please find enclosed my proposed 2020 Erie County Budget ("2020 Budget") and the 2020-2023 Four Year Financial Plan ("Four Year Plan") for review and approval by your Honorable Body.

The 2020 Budget is balanced and based upon reasonable and conservative assumptions for revenues and expenditures and reflects a 12 cent reduction in the property tax rate to \$4.72 per \$1,000 of assessed valuation and stays under the New York State Property Tax Cap. For the eighth straight year since I assumed office, this Budget maintains and enhances critical health and human service programs and increases our investment in the County's infrastructure. It supports and advances our cultural organizations. This budget is one from which that the entire community will benefit.

2020 General Fund Budget

The 2020 recommended Budget for the General Fund is \$1,555,350,829 (including approximately \$372.3 million of sales tax, which we collect and distribute to local governments, school districts and the Niagara Frontier Transportation Authority), and amounts to a total increase of 1.77 percent over the Adopted 2019 Budget.

After backing out the impact from the growth in shared sales tax, the growth is reduced to 1.67 percent. When backing out the 2020 growth due to

shared sales tax and the new mandates, the growth is further reduced to only 1.29%. For overall operating funds of the County, the 2020 Budget is 2.17 percent greater than the 2019 Adopted Budget.

The largest factors driving the increase in 2020 Budgetary spending are:

- \$16.3 million in increases to payroll costs, largely due to the combined impact of union contract provisions along with mandated program expenditures associated with New York State's Criminal Justice Reforms, Lead Poisoning Measure changes, and the Raise the Age law; and
- \$7.6 million in increased costs related to sales tax sharing.

Another cost-driver in the 2020 Budget is a \$1.4 million increase in fringe benefit costs simply due to the increase in payroll costs. All other areas of 2020 spending increased by a net of \$3.1 million due in part to the benefit from program cost savings.

As in recent budgets we will continue to share this revenue growth with the Buffalo and Erie County Public Library. The County is taking the action to lower the property tax rate per thousand of assessed value from \$4.84 for 2019 to \$4.72 in 2020, and for the third time reduce the eligible amount of Community College chargebacks by \$4.4 million. Even with the 12 cent reduction in the property tax rate for the 2020 Budget, the County will benefit from \$10.3 million of additional 2020 revenue as a result of continued strong economic growth.

Sales Tax

The sales and compensating use tax ("sales tax") is the County's largest revenue source. For 2019, the actual revenue collected has exceeded budget expectations. The sales tax growth over 2018 actual revenue in the 2019 Adopted Budget was 1.54 percent. We expect in 2019 to realize more than budgeted as we have been trending over 3 percent year-to-date growth in our sales tax collections due to a strong local economy. For 2020, we are estimating growth of 1.5 percent in 2020 sales tax revenue over projected 2019 sales tax collections.

Four Year Financial Plan

The 2020 Budget includes a Four Year Financial Plan for fiscal years 2020-2023. The 2020 Budget and projected 2019 year-end numbers form the basis for the Four Year Plan along with assumptions and estimates which are detailed in the Executive Summary and Budget Message. The Four Year Plan forecasts manageable budget scenarios for 2021-2023.

We also are using conservative and appropriate assumptions on property and sales tax revenues. We project a 2 percent assessment growth forecast for 2021-2023. For sales tax we budgeted for 1.5 percent growth in sales tax collections for 2020 and then forecast 1.5 percent growth for 2021-2023.

Union Contracts

Since the 2019 Budget was proposed, we successfully negotiated and signed multi-year contracts with Teamsters Captains & Lieutenants, Teamsters Sworn & Civilian, NYSNA, and Library Clerical & Maintenance. All County Unions are presently under contract. We continue to remain ready and willing to fairly negotiate with all other unions as their contracts expire. We believe in fair contracts with our employees to benefit both the employees and most importantly their bosses – the people of Erie County.

New York State Mandates

The County of Erie will need to meet the challenges of mandates from New York State again in 2020. In particular, three mandated programs will be in full effect: Criminal Justice Reforms, Lead Poisoning Measure changes, and Raise the Age law.

Criminal Justice Reforms were made by New York State regarding bail, discovery, and speedy trial issues. Cash bail is eliminated for most defendants. The prosecution must allow evidence to be provided to defendants well in advance of trial in new Discovery Reform Measures. The third component is Speedy Trial Reform to address long pre-trial periods. As a result of these reforms, the County will need to spend approximately \$1.15 million to meet the changes through increases in personnel and equipment in the District Attorney's Office, Probation Department, and Central Police Services.

New York State also lowered the action level of lead in blood allowable, which impacts the County's Child Lead Poisoning Prevention Programs. Accordingly, the Department of Health will need to perform approximately 800 additional environmental investigations per year and case manage an additional 700 children. The estimated cost associated with this is \$1.99 million, of which 36% will be eligible for Article VI reimbursement by the State.

The third mandated program is the Raise the Age law. The first phase was implemented in October 2018 and the second phase begins now in October 2019. Under its full implementation, 17-year olds are no longer automatically charged as adults. For 2020, the County will spend another \$1.2 million over the money budgeted to be spent in 2019 regarding Raise the Age. Please note that New York State has promised to reimburse the County for Raise the Age related expenses, which began in 2018. As of this writing, the County has yet to be reimbursed, but continues to work with the State to get our fair share of reimbursement.

Strengthening and Enhancing Erie County

In 2020, we will continue to wisely invest in many programs, services and initiatives that strengthen and enhance our community. Funding will be earmarked for programming that citizens have identified as of great importance, including numerous infrastructure improvements throughout the county, the designing and eventual implementation of the "Erie Net" countywide open-access broadband fiber service network, the further implementation of "Live Well Erie," state-of-the-art public safety programs at Central Police Services, and economic development projects throughout the County.

By making prudent fiscal investments that ensure our community is provided with the resources required to remain strong and stand vibrant, we can make a difference in the lives of many county residents. All of this is done with the mentality of maintaining a conservative budgeting approach, with constant monitoring of our short-term, long-term and strategic goals for all county tax dollars.

The 2020 Budget prioritizes funding for the following areas:

- Providing over \$60 million in approved bonded and pay as you go capital project work, including approximately \$30 million in infrastructure improvements on roads and bridges throughout Erie County and includes providing another \$2.5 million to purchase new heavy equipment such as plow trucks, high lifts, and tractors. Although many worthy roads and buildings and other programs need additional work greater than what is already our largest capital funded program to date for 2020, we need to carefully strike a balance between capital improvements and fiscal conservancy. The total 2020 Erie County Capital Plan, including non-County funding, is approximately \$100 million.

Some of the major roadwork includes:

- Preservation of Roads Construction for East & West Road (\$3 million), North Main Street (\$2.5 million), and rehabilitation of Alden Crittenden Road and Bullis Road (\$3 million).
- Federal Aid Construction for Maple Road (\$3 million for sewer replacement with the remaining work to be paid for by state and federal assistance), Wehrle Drive (\$2.4 million, including federal monies), and Elmwood Pedestrian and Bicycle Improvements (\$1.558 million, including federal monies).
- Providing a total of \$2.85 million in capital budget monies for Parks and Recreation, including Countywide Parks Improvements and ADA Accessibility (\$750,000); Countywide Shelter and Buildings (\$500,000), and Park roads, paths, and parking lots (\$300,000).
- Budgeting approximately \$4.33 million of capital monies for Environment & Planning along with outside agencies and groups that include:
 - County efforts: Erie County Agribusiness Park (\$750,020, with \$500,000 coming from County bonded monies) and Bethlehem Steel

Redevelopment (\$2.13 million, which includes both County bonded and New York State monies).

- Capital needs of outside agencies and groups such as (dollar amounts listed are County monies only):
 - Shea's Strategic Expansion and Accessibility (\$750,000),
 - Masten Boys and Girls Club Renovation (\$75,000),
 - Cheektowaga Senior Center Transportation Van (\$50,000).

Retiring Public Debt While Improving the County and Its Infrastructure

We are able to do all of this work in a sound and prudent fiscal manner. Over the course of my administration, I have worked to continuously reduce our Outstanding General Debt – going from the high of \$448,722,295 in 2010 to an estimated \$319,505,197 for 2019. In 2019 alone, \$48,060,000 of bond principal will be retired; whereas, in 2020, I am proposing new bonding of \$47,342,900 for capital programs. We are retiring more in debt than we are taking on in new debt overall.

The 2020 Legislative Budget Process

Your Honorable Body and my administration have worked collaboratively to ensure Erie County's budget is structurally sound for the current fiscal year and is built for long-term financial stability. This strategy has included the annual budget review process and agreed-upon budget amendments, something that I hope to see continue this year and in the future.

Just as in years past, I welcome all discussions with the Legislature concerning the 2020 Budget and hope that we can have an open and honest dialogue about our county's fiscal health and how we spend and invest county tax dollars.

Conclusion

I believe both the 2020 Budget and the accompanying Four Year Plan are conservatively balanced and accurately address the needs of our community. Both of these documents realistically address the challenges we are facing while

also acknowledging that revenue constraints ultimately impact the budget. We all understand and respectfully listen to the requests for enhanced services and programs, but each proposal must be considered with caution as we continue to keep a close eye on the bottom line that ultimately impacts the constituents who we serve. I will continue to advocate against new unfunded mandates from Albany, as the State of New York continues to pass the costs of new measures onto county governments.

I remain committed to maintaining quality services our residents have grown to expect and I am adamant about overseeing a fiscally-stable government that never stops showing the potential to grow, improve and enhance with each passing year. I look forward to continuing to work in partnership with your Honorable Body and the Erie County Fiscal Stability Authority.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Mark C. Poloncarz', with a long horizontal flourish extending to the right.

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/sb&dm
Encl.

cc: Hon. John Flynn, Esq., Erie County District Attorney
Hon. Timothy Howard, Erie County Sheriff
Hon. Michael Kearns, Erie County Clerk
Hon. Stefan Mychajliw, Erie County Comptroller
Erie County Fiscal Stability Authority