A RESOLUTION TO BE SUBMITTED BY
LEGISLATORS HARDWICK, MILLS, RATH, DIXON, LORIGO & LOUGHRAN

RE: Requesting that the County Executive Issue a Declaration of Need for the Erie County Fiscal Stability Authority to Undertake Borrowing for 2012 Capital Projects

WHEREAS, representatives from the administration, the Comptroller's Office and the Erie County Fiscal Stability Authority appeared before the Erie County Legislature's Finance & Management Committee on June 14, 2012 to discuss the issue of borrowing for the 2012 capital projects; and

WHEREAS, the Erie County Fiscal Stability Authority ("ECFSA") stated that it could save taxpayers $859,800 over thirteen years, which was undisputed; and

WHEREAS, although the Comptroller refers to this sum as a savings of "only about $859,800," there are many who dispute that this is a trivial amount, as the use of the word "only" would suggest; and

WHEREAS, further, it was undisputed that the ECFSA will continue to exist at least through at least 2025, due to the fact that it has previously saved millions of dollars by borrowing on behalf of Erie County; and

WHEREAS, as such, any rhetoric that the ECFSA conducting borrowing on behalf of the county for the 2012 capital projects either extends the life span of the ECFSA or increases its general operating costs is specious; and

WHEREAS, when asked, no one at the meeting could cite a single instance of a New York State control board being terminated prior to its statutory date, which in the case of the ECFSA is 2039; and

WHEREAS, it was undisputed that the ECFSA has a superior bond rating to Erie County; and

WHEREAS, it was discussed that pronouncements by Moody's and Standard & Poor's do not include how recent or how frequent that a municipality has been in the bond market as a factor to consider in determining a bond rating for the municipality; and

WHEREAS, it was also discussed that a higher fund balance is specifically mentioned as a positive factor in bond rating, which could be increased by applying the savings from the ECFSA undertaking borrowing on behalf of the county; and

WHEREAS, the Comptroller did make a vague reference to page two of an as of yet unproduced document as support for the argument that not being active in the bond market is the factor that is keeping Erie County's bond rating from approaching the higher rating of the ECFSA; and

WHEREAS, we were reminded by a representative from the budget office of the current County Executive's consistency and steadfastness in his insistence on the county undertaking borrowing instead of the ECFSA, with citations to the current County Executive's insistence that it was the right time for the county to undertake borrowing in 2007, and in 2008, and in 2009, and even in 2010, when taxpayers saved millions of dollars by having the ECFSA conduct borrowing; and

WHEREAS, also discussed was the current County Executive's insistence last year that the county would secure a Moody's Investment Grade ("MIG") 1 rating for its Revenue Anticipation Note. Despite that confidence, the county was only rated at MIG2, and, as a result, the ECFSA conducted the borrowing; and

WHEREAS, the Comptroller cited the excellent progress Erie County has made in increasing its fund balance as the prominent factor in improving its bond rating to the point where it is at currently; and

WHEREAS, although the statement has been disputed, the current County Executive has stated that the sole reason for budget surpluses over the past three years has been the result of Federal Medical Assistance Percentages ("FMAP") funds; and

WHEREAS, it was noted during the committee meeting that FMAP funds are not anticipated in the future; and

WHEREAS, other steps being taken to improve the county's bond rating were not discussed at the committee meeting; and

WHEREAS, it was discussed that the ECFSA could save taxpayers an additional $1.5 million by re-funding current bonds; and

WHEREAS, the ECFSA representative stated that historically low interest rates make this re-funding possible and that agencies throughout the state are seeking to re-fund bonds to save money for taxpayers; and

WHEREAS, the Comptroller stated that there is a possibility rates might go lower, saving taxpayers more money; and

WHEREAS, the Comptroller stated that if rates begin rising, the county could quickly enter the market and re-fund bonds; and

WHEREAS, the Comptroller's statement necessarily concedes that the county would then not be securing the lowest rate; and

WHEREAS, further, although not specifically discussed, given the ECFSAs superior bond rating, it would seem that the ECFSA conducting the re-funding instead of the county would save taxpayers more money than the county re-funding the bonds on its own; and

WHEREAS, it was discussed that Erie County taxpayers could clearly save in excess of $2.3 million dollars by the County Executive issuing a Declaration of Need for the ECFSA to conduct borrowing and re-fund bonds now, and that the savings by the county borrowing on its own, if any, are speculative at best; and

WHEREAS, there seems to be a difference between those who would prefer to save $2.3 million opposed to those who hope for an unprecedented series of events to lead to undetermined savings for taxpayers; and

WHEREAS, a representative from the Budget Office stated that the County Executive will permit the Comptroller to undertake borrowing for the 2012 capital projects and will not issue a Declaration of Need; and

WHEREAS, those legislators that seek to save a certain $2.3 million, the majority of the members of the Erie County Legislature, request that the County Executive reconsiders his objections to the ECFSA conducting borrowing on behalf of Erie County.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Legislature requests that the County Executive issue a Declaration of Need for the Erie County Fiscal Stability Authority to conduct capital borrowing for the 2012 Consolidated Bond Resolution, as well as a re-funding of current bonds; and be it further

RESOLVED, that copies of this resolution be forwarded to the County Executive, the County Comptroller and the ECFSA.

Fiscal Impact: If heeded, savings for taxpayers in excess of $2.3 million.