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CITY  OF
BUFFALO

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MAYOR BYRON W. BROWN

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CITY OF BUFFALO**

**TESTIMONY SUBMITTED TO THE
NEW YORK STATE
JOINT LEGISLATIVE FISCAL COMMITTEE
ON THE 2018-2019
EXECUTIVE BUDGET PROPOSAL**

**MONDAY, FEBRUARY 5, 2018
ALBANY, NEW YORK**

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Good afternoon. Chairs Catharine Young and Helene Weinstein, and Ranking Members Liz Kruger and Robert Oaks, and all distinguished Members of the New York State Legislature, thank you for permitting me to submit testimony on behalf of the City of Buffalo to the Joint Legislative Fiscal Committee.

The City of Buffalo today is very different from when I first took office as Mayor in 2006. The state of our City's financial health was dire. Escalating debt and deficit spending had pushed the City to the brink of bankruptcy, and the State was forced to intervene and to place the City under the oversight of a hard Financial Control Board. The stakes could not have been higher.

Which is why on day one of my Administration, we acted aggressively and diligently to change the narrative for fiscal management and responsibility. Working with my colleagues in government, I implemented a conservative fiscal plan focused on smart growth solutions that spurred responsible development and significant investment – the effects of which both stabilized our economy and expanded it. And, today, I am proud to report that the City of Buffalo's resurgence continues to improve the lives of our residents and stimulate the region's economy.

Twelve years of responsible, balanced, and on-time budgets have earned the City top ratings by the nation's bond rating agencies. Consumer confidence is higher than our City has experienced in decades with over 6 billion dollars in ongoing economic development, which will yield more than 12,000 new jobs. We're making historic investments in affordable housing and critical infrastructure projects throughout the City and we have stalled the population decline.

Our City is safer as crime continues to steadily decline. Last year, alone, the drop in violent crime was 11%, and our overall crime rate has fallen more than 40% since I took office. We've removed over 15,500 illegal guns from the streets, improved community-police relations, and hired the next generation of police officers and firefighters. Our community is stronger, safer, and smarter.

Importantly, in order to achieve these gains, we simultaneously sustained our services, substantially reduced residential and commercial property taxes, maintained some of the lowest fees in the State, and gratefully received assistance from the state and federal government in many projects that contributed to our progress.

We have experienced an incredible period of growth, and, as we look toward the future, Buffalo's reputation as a "comeback city" continues to develop. Yet while much has been achieved, more remains to be done.

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I am grateful for Governor Andrew M. Cuomo's steadfast and unprecedented commitment to the City of Buffalo and Western New York, and I am pleased that his Executive Budget proposal will maintain our City's competitiveness and quality of life.

- Increases in education funding will help our public schools continue to build on their success, which includes a 15% improvement in graduation rates since 2012;
- The aggressive goal of awarding 30% of the state's contracts to Minority and Women-Owned Business Enterprises (MWBES) compliments the measures that we have implemented in the City of Buffalo to promote an equitable and just business climate, and we hope that the Legislature will fully fund this ambitious goal;
- The proposed 2 cent per-milligram surcharge on opioids will help combat the deadly epidemic that has become a scourge across the nation; and
- The continued funding of the Clean Water Infrastructure Act is critical to help preserve our waterways, and ensure that we have adequate resources to maintain our infrastructure and enhance our technology, to ensure the delivery of safe and clean drinking water, which is so important to the health and quality of life of our City.

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Additionally, I would ask that the Governor and the Legislature continue to fund and support the essential economic development programs that have been crucial to our renewal and cornerstones of our revitalization efforts, including:

- **Historic Tax Credits**, which have transformed architectural landmarks for modern re-use, while reinvigorating life in these structures and leveraging billions of dollars in investment, spurring job growth, revitalizing neighborhoods, and strengthening communities;
- **Film Tax Credits**, which have expanded access to Western New York as a premier production destination for film and television in the past several years. In 2017 alone, Buffalo was chosen as the site of eight (8) separate productions, resulting in over 42 million in investment in our local economy;
- And, of course, the "**Buffalo Billion**" and "**Buffalo Billion II**" have been nothing short of transformative for our City. The working partnership that we have developed with the State through these initiatives has attracted innovative, twenty-first century companies and jobs, and is in the process of reinventing our industrial corridors. The Buffalo Billion projects have fundamentally reshaped the landscape of our City and expanded career and job opportunities for thousands of our residents.

It is a special time in our City's history. The results that have been achieved will be felt for generations to come. To continue this success story, I ask that the members of the Joint Fiscal Committee continue to support Buffalo by considering the additional budget requests that I am respectfully submitting for your review.

First and foremost, as I have always maintained, AIM funding is essential to every municipal government's bottom line. Any erosion of this support greatly affects our ability to provide essential services to our residents. AIM funding helps to fund critical commitments ranging from health care to the repair and maintenance of various infrastructure priorities. After the AIM program was dramatically reduced in 2010, it has remained flat ever since. Meanwhile, the operating costs to provide essential services have continued to rise. An increase in AIM funding would be extremely helpful in maintaining our ability to grow and provide vital City services.

This gap contributes to a precarious financial situation in the City of Buffalo, as we continue to grapple with significant shortfalls due to specific statutory and legal limitations, including:

- **Seneca Nation Casino Revenue Sharing:** Under New York State's Gaming Compact with the Seneca Nation of Indians, the City of Buffalo is entitled to 25% of the statewide allotment of slot machine revenues generated at the Seneca Buffalo Creek Casino. Annually, this resulted in 7 million in revenue that the City was able to invest in general operating expenses, as well as to sustain police, fire and other public works services supporting the casino and its environs.

In 2017, however, the Seneca Nation abruptly discontinued these payments, citing a significant disagreement over the terms of the Compact. We concur with the State's interpretation that these payments continue to be required according to those terms, and are hopeful that the arbitration of this matter concludes as expeditiously as possible.

In the meantime, the City of Buffalo requests 10.5 million in bullet aid to help close the budget gap that was created as a result of this situation. And, pending an agreement where these payments resume in full, we would characterize this support as spin-up funding that was advanced on the balance owed to the City by the Seneca Nation. The interruption in this revenue stream has created a significant deficit in our past and current year budgets, which will only increase as the stalemate continues, further depleting our reserves. I am asking the Administration and the Legislature for temporary support in closing this gap.

- **Protecting the Public Rights-of-Way (ROW):** Article VII, Part F, of the Transportation, Economic Development, and Environmental Conservation budget bill grants wireless service providers and wireless infrastructure developers unfettered rights to access the public ROW, while imposing limitations on the City's ability to assess fees for the use of those wireless facilities.

The language prohibits local governments from fully recovering the costs associated with reviewing the siting applications, inspecting and maintaining the infrastructure to which the small and micro wireless facilities are affixed, and mitigating any consequential impacts of the deployment of this technology on our infrastructure.

Achieving broadband access is an important and necessary goal for all municipalities in New York State. However, restricting the authority to maintain and grant use of public rights-of-way and ensuring a fair return for rented space on municipally-owned infrastructure presents a costly and unnecessary burden. Therefore, I request the provision be removed.

- **Closing the Utility Services Gross Receipts Tax Loophole:** Subject to the supervision of the New York State Public Service Commission, the cities of Buffalo, Rochester and Yonkers have the ability to collect a 3% tax on the gross receipts of local services provided by all utility companies, including phone companies. However, under New York State Tax Law, this tax is inapplicable to the ever-increasing primary use of wireless telecommunications.

In 2015, the State enacted Tax Law §186-c and §186-e to begin to address this disparity; however, the authority was strictly limited to New York City and the related Metropolitan Commuter Transportation District.

The City of Buffalo requests that the New York State Legislature extends authorization to Buffalo, Rochester and Yonkers to collect the 3% telecommunications tax, thereby codifying parity in the law and equity with New York City, so that these smaller cities can continue to maintain the infrastructure that these companies rely on to provide their services.

In summary, I respectfully request and encourage the Legislature to index AIM funding with inflation, provide temporary relief in light of the dispute between New York State and the Seneca Gaming Corporation, protect our public ROWs, and close the Utility Services Gross Receipts Tax Loophole, thereby assisting the City of Buffalo with the requisite resources to meet our statutory obligations and continue our development.

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As the City continues to grow and thrive, outdated facilities and programs must be reimagined. On three priority projects, assistance from the State can help us make necessary improvements, achieve cost savings through efficiencies and shared services, and utilize best practices on behalf of all residents and visitors.

- **Public Works Campus:** As presented in previous testimony before the Joint Committee, my Administration remains committed to the construction and realization of a centralized, comprehensive Public Works Campus.

Government is fundamentally a service provider, and the constant need for snow removal and plowing, salting of streets and sidewalks, garbage collection, paving and construction, as well as maintenance of all parks, public facilities and municipal infrastructure remains our top priority. The state-of-the-art Public Works Campus would adequately house all of the staff and equipment required for these vital services, as well as administrative offices,

the municipal animal shelter, and the City auto impound. Consolidating these functions into one facility will reduce maintenance and staffing costs, as well as limit the City's carbon footprint, as the campus will meet LEED certification standards, utilize clean energy, and offer compressed natural gas filling stations.

The proposed campus would create a streamlined system of communications and coordination of municipal resources. Furthermore, the construction of the Public Works Campus would enable the City to bring to market the six existing, high-value facilities for redevelopment. The relocation of the City's Department of Streets and Sanitation from the "Broadway Barns" alone will free up that historic building to be rehabilitated as part of the African American Heritage Corridor on the City's East Side.

My Administration has committed 4.5 million from its Capital Budget for the first phase of the Campus, and we are seeking an additional 15 million in State support for this 60 million redevelopment project.

- **Cars Sharing Main Street:** Another priority is completing the return of vehicular traffic to the rest of Main Street. Automobiles were removed from Main Street over thirty years ago to allow for the construction and operation of an energy-efficient light rail system. And while Metro Rail has been a benefit to Buffalo, prohibiting vehicular traffic has resulted in commercial vacancies, blight, loss in property values, and an impediment to the growth of our Downtown retail and entertainment corridors.

My Administration has been focused on re-aligning the current Metro Rail infrastructure to re-establish vehicular access. As a result, we have worked to reopen several blocks to vehicular traffic, stimulating retail, housing, and various mixed-use developments, and millions of dollars of economic activity and job growth, breathing new life into our Downtown district.

Since 2009, we have rebuilt the 700, 600, and 500 blocks, with Lower Main Street currently underway. We request State assistance for the 400 Block and One Seneca Tower phase of this project, at a combined cost of 30 million.

The success of this project is critical to continuing the redevelopment of Downtown Buffalo and creating a permanently thriving, vibrant environment to live, work, and play.

- **Municipal Asbestos Remediation Project:** Like the majority of buildings constructed in the United States between 1920 and 1970, asbestos was used as a common material in construction. As you are aware, exposure to asbestos can be deadly; it has been linked to several forms of cancer including mesothelioma, asbestosis and lung cancer. Buffalo continues to work aggressively to ensure the health and safety of residents and visitors by abating or encapsulating asbestos in City-owned buildings.

Over the last year alone, the City committed over one million to remediate asbestos in more than 20 buildings, and we are proud that approximately 65% of all city-owned and occupied facilities have been cleared of asbestos. However, the cost to fully address the remaining threat is daunting at an estimated 6 million. We respectfully request 3 million from the State to assist with continuing the needed remediation to eliminate asbestos from City-owned buildings.

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The new City of Buffalo has been a sound steward of our municipal finances. Under the most difficult conditions, including the housing crisis and financial collapse of 2008, we have extended every effort possible to mitigate negative impacts on our community, while improving services, and highlighting Buffalo as one of the best cities in the world to live and work. Our joint effort with the State of New York has built a stronger Buffalo which provides even greater opportunity for all of our residents.

My Administration continues to explore new and innovative means of generating revenue and cutting expenses, and remain acutely aware that doing so requires a reexamination of old cost structures to be able to fully fund the services provided, while maintaining public safety and sustainability.

These efforts underscore our commitment to maintaining the exceptional experiences and services that the residents of Buffalo have come to expect from City and State government. With your ongoing help and partnership, I know that our success story can and will continue.

Thank you for your consideration.