

**MAYOR BYRON W. BROWN
CITY OF BUFFALO, NEW YORK**

**TESTIMONY BEFORE
NEW YORK STATE
JOINT LEGISLATIVE BUDGET COMMITTEE
REGARDING
2016/17 EXECUTIVE BUDGET PROPOSAL**

**SUBMITTED
TUESDAY, JANUARY 26, 2016
ALBANY, NEW YORK**



Senate Finance Committee Chair Catharine M. Young, Assembly Ways and Means Committee Chair Herman D. Farrell, Jr., members of the legislature, thank you for the opportunity to address you regarding New York State's 2016/17 budget and its impact on New York State's second largest city, Buffalo, New York.

Since becoming Mayor, my focus has been on improving the fiscal outlook of Buffalo, creating a stronger business environment that has attracted investment and jobs and has established a more efficient government. While there are still challenges, our efforts have produced positive results.

For example:

- We created a 'Rainy Day' Fund;
- We implemented dozens of efficiency measures;
- We've delivered ten, on-time, balanced budgets;
- It's been four years since Buffalo's "hard" control board shifted to a "soft" advisory panel; and

- The City of Buffalo has improved its bond ratings with the “Big 3” credit rating agencies, receiving an A+ from both Standard & Poor’s and Fitch, and an A1 from Moody’s.

We are continuing to keep costs down:

- We expect to generate about \$3 ½ million in annual revenue now that our new traffic adjudication system is in place, along with a new plea-by-mail system;
- Collective bargaining agreements are saving us money, as a result of provisions like self-insured health care, and a new prescription drug plan;
- We’ve negotiated new residency requirements for fire fighters and police officers;
- In the past 2 ½ years, we’ve successfully negotiated contracts with our major unions, including police and fire;

- We've created the BPD21C Police Academy Pre-Employment Scholarship Program, which will get new police officers on the streets quicker, save the City money during training, and create a police force that better reflects the demographics of our community;
- Buffalo's new "Green Code" was recently delivered to the Buffalo Common Council for approval. The "Green Code" will overhaul the city's zoning and land use plan for the first time in 63 years. It is designed to simplify the complicated zoning process, making it easier for homeowners, developers, and small-business owners to invest in the City;
- We have enhanced public services by installing GPS in many city vehicles, including snow plows, garbage trucks and police cars;
- The entire Buffalo Fire and Buffalo Police vehicle fleet has been modernized; and

- We're in the process of installing LED streetlights along major thoroughfares and business districts and city owned parking ramps as part of an energy efficiency plan that will save us money.

Today, the City of Buffalo is in its best financial condition in decades.

Governor Cuomo and the State Legislature have been true partners in Buffalo's renaissance. This year's Executive Budget proposal makes important investments. I am particularly pleased by the proposed \$2.1 billion school aid increase that will allow the State to eliminate the outstanding \$434 million Gap Elimination Adjustment over two years, and to provide an operating increase to every school district in the state; as well as the Governor's commitment to rebuilding and modernizing bridges, broadband networks, public buildings, and other critical infrastructure in Upstate NY. However, I still have some concerns. The City of Buffalo is looking to protect the progress we have made and add tools that will allow our City to reach our full potential.

Since I took office in 2006, the City of Buffalo has considerably reduced property taxes. Our steadfast commitment to making the difficult decisions enabled growth, but we still have to close a significant budget gap for the upcoming fiscal year, which threatens our City's ability to continue its growth. The City's exploration of alternatives to property tax increases is critical because Buffalo seeks to continue the positive momentum, excitement, and energy, which has been amplified by the Governor's Buffalo Billion, Start-Up New York, and other successful development initiatives. The City needs some assistance to maintain our fiscally responsible growth strategy. We have four requests:

Public Works Campus

Attracting businesses and residents requires public works that provide for safe and efficient travel, clean streets and reliable services, and an investment in maintaining our infrastructure. Buffalo is now a thriving and vibrant place to live, work and invest. Public works services need to be consistent and available at all times and in all weather conditions.

The City of Buffalo has undertaken a study of six existing Department of Public Works (DPW) facilities with the intent of creating a combined Public Works Campus. The campus would house the City's municipal snow plowing, garbage collection, paving and construction vehicles, as well as administrative offices, animal shelter, and auto impound. Consolidating these functions into one facility will reduce maintenance and staffing costs. The buildings will be LEED certified and incorporate solar panels and compressed natural gas filling stations. Construction of the Public Works Campus will enable the city to sell six buildings which are in prime locations for investment. Phase one of the Public Works Campus is estimated to cost \$30 million.

The proposed new Public Works Campus will assist Buffalo's growth by adding to our City's resiliency. It will be a tool for improving the quality of life for our residents, and it will make the City more self-sufficient during major storm events, therefore allowing the State to direct more resources to surrounding municipalities. The campus will also allow us to examine cost saving measures with State and local transportation agencies, such as staging, storage, and utilizing additional shared services, for example: Buffalo's state of the art sign shop, repair garage, and fueling infrastructure.

Our processes to date have included interviews, site due diligence, benchmarking of comparable facilities, and three site studies. The process also included a preliminary energy analysis of our Broadway Depot, and a study of phasing options.

Cars Sharing Main Street Funding

Another priority is continuing our plan to return cars to Main Street. Automobiles were removed from Main Street over thirty three years ago when the light rail transit system was built. Metro Rail has been a benefit to Buffalo, but closing our premier downtown street to automobiles resulted in building vacancies, blight, lost property and tax value, and essentially killed retail in downtown Buffalo. The Cars Sharing Main Street project has begun to reverse these effects, generating significant economic benefits and transforming the heart of downtown Buffalo back into a thriving and vibrant destination. I requested funding for the next phase of the Cars Sharing Main Street Project - the 400 block (Mohawk to Court Street) and the Seneca One Tower block (Seneca to Exchange Street) at a cost of \$30 million. We estimate it will cost approximately \$80 million to complete the remaining sections of Main Street.

This project is a continuation of successful street projects implemented on the 700, 600, and 500 blocks of Main Street, totaling almost \$60 million in improvements using a combination of funding from a 2011 federal TIGER grant, New York State, and the City of Buffalo. In addition, \$22.5 million was recently awarded through a U.S. Department of Transportation TIGER grant and funds from the Dormitory Authority for the lower Main Street/Canalside block. Since 2012, significant private sector investment of close to \$500 million has been made between the 700 blocks of Main Street and the edge of the waterfront at Canalside. These improvements have stimulated private investment and job creation. Main Street is also developing into a healthy urban neighborhood and is attracting thousands of people who want to live and work in downtown Buffalo.

Homeland Security Funding

Emergencies can happen anytime and anywhere. Ensuring that our critical infrastructure and first responders are ready to meet any potential emergency or disaster is vital.

In the past, the bulk of Buffalo's Homeland Security funding came from the Federal Government through the Urban Area Security Initiative (UASI) program. In 2011, Buffalo, Albany, Rochester and Syracuse were removed from the UASI Tier 2 Program. Even though the funding ended, security risks and vulnerabilities remain.

There are many reasons why security funding needs to be increased. The Buffalo region shares a border with Canada, there are many international bridges, and the high volume of commercial activity that travels across the border represent unique challenges. Additionally, Buffalo's large industrial facilities, the electricity generated at Niagara Falls and sent throughout the Northeast, and our region's status as a primary transportation hub and a major population center all pose significant security concerns. Buffalo City Hall, opened in 1932, is the tallest City Hall in the nation. About 1,700 people are employed there and we host more than 125,000 visitors annually. This iconic and highly visible government building was evaluated by the U.S. Department of Homeland Security's Protective Security Division and Field Operations Branch Assessment Group last year. Estimates for implementing the recommendations will cost the City of Buffalo approximately \$1 million.

Closing the Utility Services Tax Loophole

For decades, the cities of Buffalo, Rochester, and Yonkers have had the ability to collect a 3% tax on the gross receipts of local services provided by all utility companies subject to the supervision of the New York State Public Service Commission, including phone companies. Technological improvements have resulted in widespread reliance on wireless communication, and wireless telecommunication service providers have successfully argued that they do not fall within the definition of a utility as prescribed in New York State Tax Law.

New York State subsequently adopted Tax Law §186-e to impose an excise tax on the sale of telecommunication services by all providers, thereby maintaining this significant revenue stream originally provided by the tax on utility services. However, the telecommunications tax was not expanded to the local level, except in the case of New York City and its surrounding counties.

The City of Buffalo requests that NY State authorize municipalities to tax telecommunication service providers at the same rates municipalities are already permitted to tax the gross receipts of utility companies.

With budget growth consistently under inflation, a significant reduction in our workforce since 2000, and compromises with our unions, the City of Buffalo has made tough choices and tightened its belt. It is critical for local aid, such as AIM (Aid and Incentives for Municipalities) funding, to be increased, so that the city's fiscal recovery is assured into the future.

Through hard work and careful planning, progress has been made in Buffalo. Together, we have worked to build a foundation for future growth and investment. We ask that the State Legislature continues to be a partner in Buffalo's transformation. Thank you for your time and I wish you success in the budget deliberations ahead.