



MAYOR BYRON W. BROWN

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CITY OF BUFFALO, NEW YORK

TESTIMONY
BEFORE NEW YORK STATE
JOINT LEGISLATIVE FISCAL COMMITTEES

REGARDING
GOVERNOR'S 2020-2021 RECOMMENDED STATE BUDGET

SUBMITTED
MONDAY, FEBRUARY 10, 2020
ALBANY, NEW YORK

STATE BUDGET TESTIMONY

Thank you Senate Finance Committee Chair Liz Krueger, Assembly Ways and Means Committee Chair Helene Weinstein, Senate Finance Ranking Member James Seward, Assembly Ways and Means Ranking Member William Barclay, Senate Cities Committee Chair Robert Jackson and Assembly Cities Committee Chair Edward Braunstein; and all of the other members participating in this Joint Legislative Budget Hearing, as always I appreciate this opportunity.

Governor Andrew Cuomo's Executive Budget proposal continues to fund many of the services and programs needed to ensure Buffalo's long-term growth, competitiveness and quality of life, in a manner that is inclusive, equitable and sustainable. The Governor's Executive Budget increases education funding to \$28.5 billion by adding an additional \$826 million in this year's proposal; it addresses inequity in the funding formulas which historically harmed socio-economically disadvantaged students in urban areas; it includes an aggressive \$33 billion dollar 5-year plan to Combat Climate Change; it proposes a \$3 billion dollar Bond Act that will protect New York State by transforming the State's energy and environmental programs; and, it continues funding for the Clean Water Infrastructure Act—which is critical to preserving the purity and infrastructure of our waterways—and is vital to the health and quality of life of our City's residents. I fully support these items.

Over the last fifteen years, I have thanked all of you for the support you have provided to the City of Buffalo, which has been a key factor in our ongoing renaissance.

I am grateful for the successes that we have achieved by working together, and I acknowledge that the entire State is under fiscal pressure as a result of federal funding decisions and policies coming out of Washington.

This has become even more apparent, and relevant to the Western New York economy in recent days. I have urgently requested that the Department of Homeland Security (DHS) rescind its decision to suspend New York State from the Global Entry travel program.

The suspension of new enrollment and re-enrollment in Customs and Border Protection (CBP) Trusted Traveler programs will have a devastating impact on the City of Buffalo. Western New York relies on the strength of our cross-border economy, as we are strategically located within 500 miles of 40% of the bi-national population. Our region is a gateway for commerce, generating approximately \$85 billion in annual trade.

Approximately 1,084 Canadian-owned businesses employ nearly 79,000 New Yorkers - many City of Buffalo residents - who rely on accessible border crossings for their livelihoods. Additionally, bi-national corporations in the region rely on these programs to expedite truck delivery times. There are a total of 680,900 jobs dependent on trade and investment with Canada. By suspending these programs, there will be an increase in the delivery costs of goods to and from Canada, and commute times will increase to unacceptable levels. Furthermore, it is unclear how the conclusion can be reached that New York's Green Light Law would undermine Global Entry security, since Global Entry applicants must submit their passports and undergo rigorous background checks and in-person interviews for approval.

This policy will have lasting and catastrophic fiscal implications for our residents and businesses, and if this decision is not reversed we will certainly see an immediate impact on the City's economy.

In light of this and other challenges, I will highlight the City of Buffalo's key fiscal priorities that I hope you will consider in your discussions with the Administration as the State Budget is finalized.

State aid in the form of Aid and Incentives to Municipalities (AIM) is vital to the City's operational stability and fiscal strength. Since 2010, when AIM was reduced by 7.6%, funding has remained flat. The fixed costs associated with personnel, materials and services have continued to rise. As Mayor, I always request that AIM funding be increased to help address actual costs recognizing the overall fiscal impact, and I also offer ideas which would help the City of Buffalo better meet our needs.

I have previously suggested and ask you to now consider a gradual increase in the amount of Seneca gaming revenue that the City receives from the State by 3% per year over the next four years. We were grateful for the advance the State provided this past Fall to cover the gap that has been created by the accumulation of unpaid obligations by the Seneca Nation, but when this is resolved, a slight increase in the City's share going forward would be very helpful in covering our operating costs and replenishing our reserves.

Last year's budget reduced AIM payments to Towns and Villages where less than 2% of their local budgets are comprised of those payments. Certain county sales tax revenues were then withheld to make payments to those impacted towns and villages in the amounts that they had previously received through AIM funding.

These "AIM-Related" payments were offset by local increases from recently enacted Internet Sales Tax /Energy Service Companies (ESCO) payments. These payments had no impact on the sales tax receipts of the State (4%); they came entirely from Erie County's sales tax portion (4.75%), which was done prior to the distribution of Sales Tax receipts to the City of Buffalo and the Buffalo Board of Education.

Therefore, the City and the Board saw a reduction of \$379,060 and \$225,713 respectively in our December payments. The preliminary projection for the Spring payments to the two will be an additional decrease of \$120,000. We are requesting that future calculations of AIM –Related payments are made after the City of Buffalo and the Buffalo Board of Education have received their distribution of Sales Tax, so that the taxes generated from businesses and residents in the City are staying in the City.

In the discussion of new revenue, the Executive Budget proposal estimates upwards of \$80 million dollars over the next two years from the sale, cultivation and production of cannabis. I am requesting that a portion of this revenue be directed to the municipalities where these initiatives are launched and implemented.

In order to continue to develop as a Smart City, my Administration is committed to completing our "Cars Sharing Main Street" project in Downtown Buffalo. We have successfully reversed decades of blight and dis-investment that resulted from removing vehicular traffic from Main Street. In the four blocks that are complete, we have seen a significant return of business and entertainment, construction of residential units, hotels, restaurants and other types of investment.

Funding for the next two phases of this project is critical for the total transformation of Downtown Buffalo. Last year, we suffered a setback when the federal government didn't award any BUILD grants in New York State.

After a \$43 million dollar federal investment to date, it was disappointing that USDOT decided not to fund the next phase of this project, particularly because M&T Bank had confirmed their plans to lease 330,000 square feet inside the vacant 38-story Seneca One Tower located at the foot of Main Street. This new technology-hub will house 1,500 new employees by 2022. The private sector investment is real - we need to finish "Cars Sharing Main Street" and I am requesting State assistance for the 400 block and the One Seneca Tower block of Main Street, at a combined cost of \$30 million dollars, to keep economic development moving forward.

The Governor's proposed 'Restore Mother Nature' program represents an important and significant investment in preserving our natural resources and making green spaces more accessible to all. The City of Buffalo is requesting \$15 million to be allocated for the reconstruction and rehabilitation of portions of the existing seawall at Ralph C. Wilson, Jr. Centennial Park.

Over the last several years, both the park and surrounding neighborhoods have experienced extensive flooding which resulted in damage to the one-mile shoreline and further degradation of the one-hundred-year-old seawall. A project is underway to rehabilitate the seawall section immediately in front of the Colonel Ward Pumping Station, which is a vital public infrastructure facility. Additionally, the City of Buffalo intends to pursue improvements to the design of the other portions of the seawall that will make it more resilient and better serve the needs of the community for generations to come.

The proposed Executive Budget allocates \$3.5 billion for clean water infrastructure, water quality protection and wastewater management. I am asking the Legislature to fully fund these initiatives. This will ensure that Buffalo will be eligible to receive the funding that is consistent with our need.

The City of Buffalo intends to apply for \$10 million for lead line replacement. We estimate this will allow us to replace over 600 lead lines with new, safer water line infrastructure. Last July, I launched Buffalo's "Replace Old Lead Lines" or "ROLL" program. This pilot program was funded through Governor Cuomo's Water Line Replacement Initiative and grants from the NYS Senate and the Department of Environmental Conservation. These funds enabled the City of Buffalo to replace more than 200 residential water service lines to date. Replacing lines, as opposed to repairing them, minimizes the amount of lead particles that could be disturbed and ultimately contaminate the water supply, as well as exponentially reducing the risk of lead exposure. Buffalo's drinking water exceeds EPA standards for clean drinking water, and preventing pollution by contaminants from older water lines as they break is a top priority. My Administration now requires that all lead service lines, or a line with lead components, be replaced—rather than repaired—when they experience a break or leak.

The City of Buffalo is also requesting \$15 million for water facility and infrastructure upgrades to enable us to maintain our high water quality and delivery standards.

The City of Buffalo, along with 37 other cities, has an arterial maintenance agreement with New York State. Pursuant to this agreement, the City maintains certain designated State-owned arterial highways (the City currently maintains over 100,000 square yards of pavement for the State) and the State provides reimbursement to Buffalo for this service. Under the current formula, however, the City of Buffalo is significantly underpaid for the cost of this highway maintenance.

Last year, the Legislature passed a bill that would have increased the reimbursement rate from \$0.85 per square yard of pavement to \$1.80, which would mean an increase from \$169,489 to \$358,918. The increase was based on the Consumer Price Index's rate of inflation. In his veto message, the Governor wrote that this issue should be addressed in the context of State budget negotiations. I am asking the Legislature to include that increase, as well as an index for future rate increases in accordance with the CPI, in the final budget agreement.

I am proud of my Administration's sound and conservative fiscal stewardship of the City of Buffalo, and of the ways we have created efficiencies, expanded opportunities, leveraged new resources, and tackled challenges. With your consistent help and support, our work together has revitalized the City of Buffalo, and transformed our landscape. We are safer, healthier, smarter and better equipped to be resilient and sustainable than ever before. Our work must continue and our resolve cannot waver in the face of adversity.

I would like to thank you for the time you have taken today to carefully listen to and consider my thoughts on the proposed Executive Budget and the needs of Buffalo's residents. I am confident that we will identify the creative funding solutions to ensure our future success in this new decade. Thank you.