

Appendix 13-1: Financial Capability Analysis

FINANCIAL CAPABILITY ASSESSMENT FOR THE DRAFT LONG TERM CONTROL PLAN

BUFFALO SEWER AUTHORITY BUFFALO, NEW YORK

The Buffalo Sewer Authority submits this document subject to Federal Rules of Evidence Section 408.

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SEPTEMBER 2010 **Ref. no.** 630718 (1)

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1.0 INTRODUCTION

The Buffalo Sewer Authority ("BSA") is pleased to submit this updated Financial Capabilities Assessment (FCA) in accordance with the U.S. Environmental Protection Agency's (EPA) Combined Sewer Overflows – Guidance for Financial Capability Assessment and Schedule Development, 1997 (the "Guidance"). This document replaces the FCA submitted as part of BSA's Draft Long Term Control Plan (LTCP) submission in 2004 and is subject to Federal Rules of Evidence Section 408.

This document reflects the current economic conditions within the City of Buffalo (the "City" or "Buffalo") and incorporates the many socioeconomic and demographic changes that have occurred since 2004. Based on the economic conditions and available data at the time, the 2004 FCA concluded that implementation of the draft LTCP would result in a MEDIUM economic burden (as defined in the Guidance) on the City and its residents. However, based on an analysis of current and more complete data, the economic burden on residents would in fact be HIGH should BSA implement the "Preferred System-Wide Alternative" LTCP alternative as defined in the 2004 submittal.

This report includes a revised calculation of the Residential Indicator (RI) and Financial Capability Indicator (FCI) as outlined by the Guidance. The resulting scores of HIGH and WEAK, respectively, for the RI and FCI yield a HIGH burden determination within the Financial Capability Matrix. Thus, maximum flexibility, as permissible by the Guidance, is justified, and furthermore is absolutely required based upon the true economic condition of the City, when establishing the final scope and pace of the final LTCP.

The City is not a "typical City" when it comes to the financial condition of its residents, who are the owners of BSA system. As this report will outline, Buffalo is at the extreme lower end of the national spectrum in median household income and the high end relative to poverty among its residents. Therefore, BSA concurs with two important provisions of the Guidance:

- Acknowledgment that the indicators found in the Guidance may "not present the most complete picture of a permittee's financial capability to fund CSO controls".¹
- Recognition that should there be "unique circumstances that would affect the conclusion of this guidance, the permittee may submit documentation of its unique financial conditions....for consideration".²

¹ EPA, Office of Wastewater Management; Combined Sewer Overflows – Guidance for Financial Capability Assessment and Schedule Development, Final, (Washington, D.C., February 1997), p.7.

Thus, this document has included documentation of Buffalo's clearly unique financial conditions for consideration.

It is important to note that BSA does consider the affordability determination, as formulated in the Guidance, as valid. In fact, due to the significant shortcomings of the Guidance's approach and lack of local economic considerations, the financial capability of Buffalo cannot be adequately determined under the standardized approach proffered by the Guidance.

This report includes supporting data that will demonstrate that Buffalo is extremely impoverished and losing population. Many of its residents live below the poverty line and are already highly burdened by the cost of wastewater services. Due to the extreme affordability limitations of its customer base, BSA, on behalf of the City, must pursue a LTCP that is both technically practical and affordable. This objective should be achievable based on solid technical and scientific rationale in the development of the final LTCP, and must include a schedule that is realistic and reasonable for the community.

² EPA, Office of Wastewater Management; Combined Sewer Overflows – Guidance for Financial Capability Assessment and Schedule Development, Final, (Washington, D.C., February 1997), p.10.

2.0 BACKGROUND – BUFFALO'S LTCP AND FCA

BSA has been responsible for sewage and stormwater collection, treatment and disposal for the City of Buffalo since the 1930s. BSA owns and operates primary and secondary wastewater treatment facilities and a large collection system including sanitary, stormwater, and combined sewer mains and several pumping stations. The existing sewer system consists of a sewage collection system within the City that is connected to BSA's primary and secondary treatment facilities on Bird Island in the Niagara River. There are approximately 850 miles of sewers of which 93 percent are combined sewer systems. Almost 60 percent of the collection system was installed prior to 1910 and approximately 90 percent prior to 1941. Included in the collection system are three major pumping stations. The primary treatment facility was built in 1938 and designed to treat 150 million gallons a day ("mgd"). The secondary treatment facility designed to treat 180 mgd, was built in 1979. The combined facilities remove approximately 85 percent of solids and biochemical oxygen demand ("BOD"). The solids that are removed are incinerated in three incinerators. A historical summary of the wastewater treated at the Bird Island Wastewater Treatment Plant ("WWTP") is found in Table 2.1. In 2009, BSA treated on average 132 million gallons per day (gpd) for a total of approximately 48.5 billion gallons of wastewater.

Fiscal Year	Wastewater Treated (1)	Change from Previous Year
2000	54,714	
2001	54,933	0.4%
2002	56,101	2.1%
2003	50,845	-9.4%
2004	53,509	5.2%
2005	49,823	-6.9%
2006	48,144	-3.4%
2007	52,195	8.4%
2008	49,604	-5.0%
2009	48,509	-2.2%
(1) Millions	of Gallons	

TABLE NO. 2.1 HISTORICAL SEWAGE TREATMENT

In addition to serving residents within the City limits, BSA has wholesale agreements with the Erie County Sewer Districts 1 and 4 ("ECSD"), Town of Cheektowaga, and Town of West Seneca for treatment services of their sanitary sewage and stormwater conveyance to BSA's WWTP. Each of the wholesale communities are located outside of the City limits completely separate from BSA and provide retail services for their own residents. Furthermore, each of these communities faces their own wet weather compliance issues which will significantly impact their respective financial capabilities.

The Town of Cheektowaga provides retail service to approximately 24,000 households, the Town of West Seneca is responsible for less than 13,000 households, and Erie County Sewer Districts (ECSD) 1 and 4 serve close to 19,000 households. Each of the wholesale customers has a master meter and is charged by BSA based on annual flows. The volumetric rate is based on apportioned operations and capital costs attributable to treatment and servicing portions of BSA transmission system. A summary of the wastewater flows from tributary wholesale communities for 2009 are shown in Table 2.2.

Municipality	MGD	% of Total
Town of Cheektowaga	10.180	7.7%
ECSD	12.164	9.2%
SD # 1	5.313	4.0%
SD # 4		
Town of West Seneca		
SD # 5 &13	5.894	4.4%
SD # 15	0.004	0.0%
Wholesale Total	33.56	25.2%
City of Buffalo	99.35	74.8%
Total Flows at the WWTP	132.90	100%

TABLE NO. 2.2 WHOLESALE WASTEWATER FLOWS

Like many other older sewer systems throughout the country, and in particular the Northeast, a large percentage (93%) of BSA's collection system is a combined sewer system. As a combined system, it was originally designed to collect both stormwater and sanitary wastewater, and included a series of combined sewer overflow (CSO) relief points designed to prevent basement flooding during high-flow storm events. Each of these CSOs has historically been approved and permitted by the New York State Department of Environment and Conservation (NYSDEC). However, Federal

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Regulations now require BSA to significantly reduce the number and volume of annual overflow events.

In accordance with the Federal Regulations, BSA developed and submitted a draft LTCP to NYSDEC in 2004. The LTCP, based on several years of study, field work and hydraulic modeling, presented a preliminary plan to mitigate BSA's combined sewer overflows. The LTCP also included a preliminary FCA that inaccurately concluded that the City would be MEDIUM burden resulting from the LTCP. Subsequently, the EPA reviewed the draft LTCP and began discussions with BSA concerning implementation. In 2008, based on direction from the EPA, BSA proceeded with additional efforts to refine the LTCP including water quality modeling, further hydraulic modeling, and data collection to support the modeling. These efforts are currently ongoing.

In 2008, BSA began discussions with the EPA and NYSDEC regarding a potential Consent Order. During these discussions it was agreed that BSA would provide a revised FCA in conjunction with the updated LTCP. The revised FCA would replace the 2004 FCA and reflect current economic conditions such that the City's true financial capability could be determined.

3.0 EPA'S FINANCIAL CAPABILITIES ASSESSMENT GUIDANCE

3.1 <u>SUGGESTED GUIDANCE BASED APPROACH</u>

This updated and revised FCA report is based on the approach and supporting calculations outlined in the EPA's 1997 Guidance document. The underlying objective of the Guidance is to incorporate both the environmental impacts and financial burdens permittees face when determining the requirements of a LTCP. Furthermore, the Guidance is to assist permittees and regulatory agencies when "negotiating effective schedules for implementation of the CSO controls."³

Towards these ends, the Guidance suggests a two-phase approach to measuring a permittee's financial capabilities. The first phase includes the determination of a RI. The RI attempts to quantify and establish the financial impact on residents such that the financial burden is not excessive. A "Cost Per Household ('CPH')" is calculated based on the residential share of all current operating costs, capital costs and projected costs associated with the LTCP. The RI is then determined based on a ratio of the CPH to the area's median household income ("MHI"). Ultimately, an RI of 2 percent or greater is deemed to be a high burden on residents and schedule relief is warranted.

The second phase, the Financial Capability Indicator (the "FCI"), evaluates six socioeconomic benchmarks or financial indices of the community including:

- the City's Bond Rating
- the City's Overall Net Debt as a Percent of Full Market Property Value (FMPV)
- the Unemployment Rate
- the MHI
- Property Tax Revenues as Percentage of FMPV
- Property Tax Collection Rate

Each of these financial indices is assigned a score of WEAK, MID-RANGE, or STRONG, based on their respective scale as outlined within the Guidance. Then, based on the average of the indices utilized, an FCI score is determined.

The results of the RI and FCI are ultimately combined and given an overall rating based on the EPA's Financial Capability Matrix. This overall rating is intended to demonstrate

³ EPA, Office of Wastewater Management: Combined Sewer Overflows-Guidance for Financial Capability Assessment and Schedule Development, Final, (Washington, D.C., February 1997), pg. 7.

the level of financial burden imposed on the permittee's residents. Table No. 3.1 shows the EPA's Financial Capability Matrix and the overall burden rating based on the results of the RI and FCI.

EPA FINANCIAL CAPABILITY MATRIX								
Financial Capability	Residential Indicator							
Indicator Score	(Cost	per Household as % of	MHI)					
(Socioeconomic &	Low	Mid-Range	High					
Financial Indicators)	Below 1%	Between 1.0% - 2.0%	Above 2.0%					
Weak Below 1.5	Medium Burden	High Burden	High Burden					
Mid Range 1.5 – 2.5	Low Burden	Medium Burden	High Burden					
Strong Above 2.5	Low Burden	Low Burden	Medium Burden					

TABLE NO. 3.1 EPA FINANCIAL CAPABILITY MATRIX

3.2 GUIDANCE LIMITATIONS AND SHORTCOMING RELATIVE TO THE CITY OF BUFFALO

As intended, the Guidance is one of the tools that can help guide the discussions between State and Federal agencies and the permittee relative to LTCP implementation. However, it has proven difficult to develop a standardized approach for all communities that vary in size, shape, and form throughout the country. The Guidance may be helpful to those communities that fall within certain statistical ranges; however, other communities have found it inadequate when assessing affordability. In fact, some communities have recently requested revisions and/or extensions to their approved LTCPs due to factors that the Guidance does not incorporate when determining affordability and/or financial burden.

Specifically, BSA has identified several limitations or shortcomings within the Guidance relative to assessment of Buffalo's local economic conditions. Below is a brief summary of some of these shortcomings. BSA maintains that these items must be considered when determining the financial burden and affordability of Buffalo's LTCP.

3.2.1 <u>AFFORDABILITY DETERMINATION</u>

Fundamentally, the Guidance assumes affordability can be universally measured and established in any community with little regard for specific local economic conditions.

First, the use of MHI (or a percentage of MHI) to determine burden does not work well within significantly disadvantaged communities like Buffalo. It presumes that discretionary/disposable income can be measured on a sliding scale, regardless of the community's level of affluence or poverty. This approach does not recognize that discretionary income is generally finite and does not linearly correlate with MHI.

Second, to set as a threshold of affordable "burden," 2 percent of MHI is somewhat arbitrary and has no apparent standing within established law. In fact, prior to issuance of the Guidance in 1997, thresholds of significantly lesser amounts had been routinely used previously by various federal agencies to determine affordability for sewer utility costs and loan programs, and the point of "rate rejection". In addition, several states have legislatively established affordability upset thresholds at levels much lower than 2 percent of MHI. Furthermore, it can be intuitively argued that a lower percentage of MHI is more appropriate for low-income households, and therefore for communities with a high percentage of lower income households, as is the case with the City of Buffalo.

3.2.2 <u>SNAPSHOT APPROACH</u>

The Guidance is roughly based on a present value determination of costs and economic conditions, for the full implementation period of a LTCP. This approach does not account for the historical and future trends of a community's economic, demographic, and/or social conditions. This snapshot analysis cannot account for the long term downward economic "slide" prevalent in Buffalo, nor can it provide a true indication of the impact the LTCP will have on residents in the future – who most assuredly will be fewer in number. Specifically, Buffalo has experienced a steady decline in population and households for several decades, and unfortunately these trends show no sign of abating. This will cause a dramatic increase in the future CPH, which is not taken into account within the approach the Guidance suggests. Without incorporating these and other economic and demographic trends, the affordability determination will be inappropriate and overestimates the ability of Buffalo residents to fund the LTCP over time.

3.2.3 LOW INCOME HOUSEHOLDS

Another shortcoming of the Guidance as applied to communities like Buffalo is its unintentional bias against low-income households. By using a percentage of the community's MHI to establish affordability, low-income households end up either paying, or being apportioned, a much greater percentage of their income towards sewer services than the 2-percent-of-income target. This is a critical issue for the City of Buffalo due to its high rate of poverty – fully three times that of the average American City. The Guidance assumes that the LTCP is affordable for the residents as long as the RI is 2 percent or less of MHI. However, households with income below the MHI will experience an RI well above the 2.0 affordability threshold. In fact, 25 percent of Buffalo's population lives below the poverty level, and would be expected to contribute a significantly higher percentage of income towards the LTCP.

3.2.4 EXCLUSIVELY EXPENSE-BASED ANALYSIS/APPROACH

The FCA fully incorporates current and estimated future operational and capital costs associated with the utility and its LTCP. However, revenues are not considered in any manner in the analysis. This creates a significant weakness – particularly in the context of Buffalo's economic difficulties. Revenues and their associated trends must be carefully considered due to the serious current delinquency among BSA's customers, declining water usage, an aging population, and a shrinking rate base. It is inappropriate to conclude that revenues will or even can increase commensurate with expenses, especially when rates will increase dramatically. It is anticipated that increased expenses will accelerate the contraction of BSA's rate base, and will result in higher delinquency and lower collection rates. Thus, it is unacceptable to project the financial burden and fiscal capability of Buffalo without a prudent examination and projection of revenues.

3.2.5 COST ALLOCATION IMPLICATIONS

The Guidance suggests that costs be allocated between residential and non-residential customer bases based on flow ratios. This does not follow industry standards for calculating cost of service rates, and can result in the inequitable distribution of costs among customer classes. Essentially, the Guidance implies that costs not allocated to the residential class can be shifted to non-residential classes. This becomes very problematic for Buffalo, in that it presumes the industrial base can absorb any and all remaining costs. The financial implications of shifting such costs to economically strained industry cannot be ignored. In recent decades there has been a significant loss of industry and associated jobs within the City of Buffalo. A rapid escalation in commercial and industrial sewer rates would certainly be expected to drive additional businesses and associated employment from the City, further aggravating the economic woes of remaining residents.

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3.2.6 **CPH VERSUS RATE BASED PROJECTIONS**

The Guidance establishes a CPH by allocating expenses based on a flow ratio to residential households. This approach does not accurately reflect the true cost that residential customers currently bear, for several reasons. First, this does not account for the higher unit cost of servicing a residential versus non-residential customer. Furthermore, as noted above, the analysis only considers BSA's expenses, disregarding revenue, collection rates and the difference in associated trends for residential customers. Ultimately, it appears that the typical current residential sewer bill is 40 percent greater than the CPH calculated under the Guidance. This incorrectly suggests that the typical residential cost is substantially less than it actually is, and understates the financial burden that will result from the LTCP. Finally, based on current rates, approximately 36 percent of BSA's residential customer base is already paying 2 percent or greater of their household income towards sewer bills. A summary of the household income distribution and the corresponding RI based on the current sewer bill is shown in Figure 3.1.



FIGURE NO. 3.1 CITY OF BUFFALO'S CURRENT RI

3.2.7 CAPITAL COST ESTIMATING AND FINANCING

Another shortcoming of the Guidance relates to the projections of capital costs and related financing of future system investments. Any LTCP would likely include capital projects as large as some of the largest ever completed in western New York. Furthermore, the magnitude of projected capital investment is many times that of BSA's annual budget and must be carefully evaluated and periodically adjusted to reflect market conditions. The suggested approach artificially assumes, for the purpose of calculation, that all future debt is issued simultaneously to determine a present value impact on the RI. However, any slight change throughout the multi-year implementation period could result in substantial cost fluctuation. The construction industry and global commodity markets can be extremely volatile, and it is anticipated that current construction estimates will change over time. Furthermore, a modest change in interest rates and/or the bond markets would significantly impact the financing costs associated with the LTCP. These unpredictable factors could result in long term cost variations on the order of tens of millions of dollars. This volatility and the sensitivity of BSA's sewer rates cannot be accounted for or even estimated properly within the limited framework provided within the Guidance.

3.2.8 SERVICE AREA AND WHOLESALE COMMUNITIES

As noted earlier, BSA provides wholesale service to several neighboring communities. This service is provided in the context of contractual service agreements that establish rates and charges. BSA is governed by these contracts, which preclude it from arbitrarily assigning LTCP costs to these communities in the manner outlined in the Guidance. These communities have no obligation to continue business with BSA and can seek treatment alternatives at their discretion. However, it is important to note that, under the existing agreements, a considerable percentage of BSA's routine capital investments are already allocated to the wholesale communities. Moreover, it is critical that under any LTCP scenario that BSA's burden incorporates these limitations, and that its affordability is not artificially overstated by shifting disproportionate costs to the wholesale communities due only to their perceived ability to be able to afford more.

3.2.9 BSA'S CONSTITUTIONAL DEBT LIMIT

Another local consideration that the Guidance does not account for is BSA's borrowing limits. BSA has a constitutional debt ceiling at any one time of \$125 million. Currently, BSA has approximately \$75 million in outstanding debt and thus is limited at this time

to additional borrowings of ~ \$50M. This legal debt limitation, set in place by New York State when the BSA was established, will severely limit BSA's ability to finance a LTCP without an extended schedule. The alternative – cash financing of substantial portions of the LTCP – would cause tremendous rate spikes with catastrophic implications for BSA's rate base. To incorporate this factor will require a deliberate schedule of projects and financing over an extended period of time such that debt does not exceed \$125M, and pay-as-you-go commitments remain affordable to City residents.

Despite the limitations and shortcomings within the EPA's Guidance as outlined in Sections 3.2.1 through 3.2.9 above, BSA has prepared this FCA in accordance with Guidance provisions at the request of its regulatory partners. Subsequent sections show that the City is at HIGH burden based on the formulaic methodology prescribed by the Guidance. However, due to the limitations described above and others still being evaluated, BSA does not agree with the methodology, and reserves the right to submit additional information as permissible and encouraged under the Guidance. In Section No. 6, we have included some additional factors and information that warrant definitive consideration when determining the affordability of BSA's ultimate LTCP.

Finally, BSA recognizes that the Guidance is not law, and thus does not impose a legal requirement. Rather it is a document that clearly illustrates the City of Buffalo is significantly disadvantaged and economically weak, and thus its unique conditions must be factored into the LTCP development and implementation. Further, BSA believes the FCA must move beyond the evaluation framework of the Guidance to properly assess and establish an affordable LTCP. Towards this end, BSA will actively and constructively continue its dialogue regarding the LTCP implementation schedule with the NYSDEC and EPA.

4.0 MAJOR REVISIONS TO THE 2004 FCA

This section is provided to highlight the major revisions made to the original FCA included as part of the Draft LTCP submission in 2004. Many items have been revised to incorporate the current state of social, economic and demographic conditions. It is also noted that during the last 2 years the country has experienced an economic recession greater than any other for at least 50 years. This anomaly should be accounted for and the conclusions should not be artificially skewed as a result.

Unfortunately, it is evident that the City of Buffalo has suffered from its own local economic recession for many decades. For many years Buffalo's financial indicators were well below national averages and it is only due to the unprecedented global recession that national indices have sunk closer to Buffalo's. Ironically, due to the flawed structure of the Guidance, the nation's recession could potentially be interpreted as improving Buffalo's relative economic condition. Nothing could be further from the truth, as Buffalo continues to struggle with high poverty rates, unemployment, low income levels and many other challenges.

As noted earlier, the updated FCA concludes that Buffalo is HIGH burden while the 2004 document suggested MEDIUM burden. This may be viewed as a major shift, but in reality it is merely the result of better data changing economic conditions. For ease of review and comprehension, the major changes from the 2004 analysis are summarized below.

4.1 <u>RESIDENTIAL FLOW</u>

In 2004, residential flow was estimated to be 40 percent of BSA's total flows. This estimate was based on high level summary reports of usage that included several assumptions and estimates due to limitations in available data. Since 2004, water billing data collection has improved considerably, and a cross-link between the tax database and water billing accounts has been established. This new data link has allowed BSA to match all of its meter data directly to the City's property use codes, and to determine accurately that 72 percent of system water usage is residential. Ultimately, the specific property use for each water account was identified and a very clear determination of residential and non-residential usage has been determined. This approach was considerably more advanced than what was completed in 2004.

4.2 <u>CAPITAL PLAN HORIZON</u>

The 2004 FCA incorporated only 5 years of future capital projects. Since any LTCP will be implemented over a period of much more than 5 years, BSA revised this approach to include 20 years of capital projects. A longer period could reasonably be considered due to a 30-year maturity period on bonds and an affordable LTCP may ultimately require more than 20 years to implement. Nevertheless, a 20-year period has been used for comparison purposes, but may need to be revisited when final affordability is determined.

4.3 <u>DEBT SERVICE</u>

The 2004 FCA appears to have included an annual debt service payment of only \$10 million. During the 2010 budget year, BSA shows a \$16 million annual debt and reserve payment requirement. This has been updated in the new FCA.

4.4 <u>CAPITAL CONSTRUCTION COST UPDATE</u>

The draft LTCP that was submitted in 2004 included capital construction cost estimates of \$464 million reflective of then-current dollars. It has been 6 plus years since the estimates were prepared and construction costs have since increased. Although the LTCP is still under revision and is not due until April 2011, BSA has used the 2004 "Preferred" plan cost, escalated to 2010 dollars as the starting point for completion of this revised FCA. To bring forward the cost estimates to current dollars, the 5-year average composite construction cost escalation index (3.8%) from the Engineering News Record was utilized. The resulting construction estimates from 2004 of \$464 million were inflated to \$581 million in 2010 dollars.

4.5 <u>FUTURE LTCP OPERATION AND MAINTENANCE PROJECTIONS</u>

Finally, the Operation and Maintenance (O&M) costs associated with the "Preferred" LTCP were estimated at approximately 5 percent of capital construction costs in 2004. Although it is very difficult to determine what actual O&M costs will be, it seems a lower ratio will materialize. Many of the LTCP projects will be underground linear infrastructure that will not require major O&M costs. Thus, similar to the estimates of many other communities, BSA has projected an annual LTCP O&M cost of less than 1 percent, within this updated FCA.

5.0 FINANCIAL CAPABILITY ASSESSMENT BASED ON GUIDANCE

Under this section BSA presents a revised FCA calculation in accordance with the Guidance. In Section 6, additional local factors and other considerations are presented that must also be incorporated into any true assessment of affordability.

5.1 SOURCES OF DATA AND SUPPORTING INFORMATION

Various sources of information have been relied upon to complete the FCA. To the extent possible and/or practical, the most current sources of data were used. In some select instances, the economic anomalies created by the recent recession were overcome by incorporating data from the last 3 to 5 years. This approach avoids faulty conclusions or misrepresentations due to the recent unprecedented economic decline. In other instances when current data was unavailable, historical data was used and brought forward to present day values. The various data sources have included:

- the Federal government Bureau of Labor Statistics (BLS)
- the U.S. Census Bureau
- the American Communities Survey
- BSA's adopted budget
- BSA's adopted capital program
- BSA's 2004 "System-Wide LTCP for CSO Abatement" (the "2004 Report")
- the City and BSA's Official Statements from bond offerings
- the City's 2009 CAFR
- Wholesale communities' adopted budgets
- Engineering News Record
- Discussions with industry experts and their staff
- City of Buffalo consolidated audited financial statements

Since BSA has wholesale contracts with communities outside the City, BSA included the wholesale communities as part of the analysis. BSA had an initial workshop and individual meetings with each community to discuss the FCA and to gather their information. The data gathered included current operating and capital budgets, and demographic data. One of the challenges of incorporating the wholesale communities into the FCA was projecting the wholesale community Sanitary Sewer Overflow (SSO) capital requirements over the study period. Currently, each wholesale community has

either been notified by, or is in negotiations with, NYSDEC and/or EPA over a consent decree for ultimate abatement of existing SSOs. Each of the wholesale communities is in the early stages of negotiations, and do not have an approved control plan in place. However, West Seneca and the Town of Cheektowaga provided a preliminary estimate of the costs associated with abating their SSOs, while the other communities were unable to do so. As a result, the analysis does not include all future costs, and consequently underestimates the RI particularly in the wholesale communities.

5.2 <u>THE RESIDENTIAL INDICATOR</u>

The RI is the first of two phases, as prescribed in the Guidance for evaluating the affordability of BSA's LTCP. This first phase attempts to quantify the financial burden on residential customers, and to determine their ability to pay for the LTCP. The first step of the RI is to identify current and proposed expenses, including:

- current O&M expenses
- current outstanding debt and associated annual payments
- proposed capital investments and projected annual debt service
- required LTCP capital investments and associated debt service
- the additional O&M resulting from the LTCP

The second step of the RI is determining the percentage of costs that should be allocated to the residential customer class. These costs are then divided by the number of households within the service area to determine a CPH. Finally, the CPH is divided by the MHI. Ultimately, it is this ratio - the percentage of MHI that a resident pays annually for sewer services – that determines the financial impact of the LTCP in accordance with the Guidance. Below is a summary of the RI scores per the Guidance:

D	DENTIAL INDICATOR – FINANCIAL IMPACT DETERMINA							
	Financial Impact	Residential Indicator						
	Low	Less than 1.0 Percent of MHI						
	Mid-Range	1.0 - 2.0 Percent of MHI						
	High	Greater than 2.0 Percent MHI						

 TABLE NO.5.1

 RESIDENTIAL INDICATOR – FINANCIAL IMPACT DETERMINATION

BSA provides wastewater utility services to residential, commercial, and industrial customers within the City limits. Currently there are no existing retail customers outside the City. As mentioned earlier in the report, BSA does provide wastewater treatment

services under wholesale agreements to separate municipal utilities outside of BSA's service area. These contracts between the wholesale communities and BSA do not give BSA any "control" over the wholesale communities other than jurisdiction related to flows and wastewater strength. Therefore, BSA and the City are not sanctioned or empowered to set rates, approve budgets, or adopt legislation on behalf of the wholesale communities. Furthermore, wholesale communities are not obligated or liable to any lawsuit against BSA.

Therefore, BSA completely disagrees with the EPA's approach in treating this FCA as a regional analysis. With appropriate notification, any wholesale community can exit their agreement with BSA and pursue alternative treatment arrangements. This could result in the entire cost of the LTCP being borne by City of Buffalo residents and businesses.

Due to these shortcomings of the Guidance relative to its wholesale customer base, two distinct RI's have been calculated. These are presented with cooperative intentions, but BSA recognizes that the true financial burden and associated affordability of the LTCP cannot be adequately presented within the framework of the Guidance. Thus, these two scenarios have been prepared in an attempt to present a more complete case of Buffalo's potential financial burden.

- **City Only** This scenario incorporates BSA's operating budget, the current MHI, and number of households within the incorporated City limits. The RI is calculated for the City of Buffalo residents based solely on the costs of serving City residents. The current and projected capital and O&M costs associated to providing service to the wholesale community were subtracted and not included in the "City Only" costs.
- **City Plus Wholesale Communities** This RI scenario includes all operating and capital costs associated with BSA and the wholesale communities. The MHI and the number of households reflect the City and the wholesale communities combined.

5.2.1 <u>CURRENT OPERATIONS AND MAINTENANCE EXPENSES</u>

BSA's current O&M budget is \$40.2 million (including an allowance for non-collectible accounts receivable) and the current debt service and reserve requirements on all outstanding debt is \$16.05 million, for a total of \$56.3 million – up 1.8 percent from last fiscal year's budget. The total O&M budget for the three wholesale communities is \$40.5 million and \$2.5 million in annual debt service payments. The combined total budget for BSA and the three wholesale communities is \$99.3 million. A summary of current operating budget is found in Table 5.2 below.

								Se	ervice Area
Description	BSA	Ch	leektowaga	И	lest Seneca	E	CSD1& 4		Total
Current Budget									
O&M	\$ 40,215,261	\$	10,814,559	\$	10,355,687	\$	19,336,838	\$	80,722,345
Debt Service	16,049,834		766,000		26,191		1,720,706		18,562,731
Total	\$ 56,265,095	\$	11,580,559	\$	10,381,878	\$	21,057,545	\$	99,285,076

TABLE NO. 5.2 CURRENT OPERATING COST

5.2.2 PROJECTED WASTEWATER AND CSO COSTS

Under the Guidance, the FCA includes a one-year analysis of BSA's future debt obligations. The multi-year LTCP and the non-CSO capital improvement program ("CIP") are rolled up into a single theoretical bond issue, and the resulting annual debt service payment is accounted for in the calculations.

The primary wastewater treatment facility has been in operation for over 70 years. As the infrastructure approaches the end of its useful life, the capital dollars required to upgrade/repair the system to achieve acceptable service levels may increase rapidly. Accordingly, BSA has increased investment in recent years and adopted a 5-year capital plan that continues such investment.

Since this FCA includes a 20-year planning horizon, annual capital investments were projected for future years based on estimated asset values and modest replacement schedules. Over the next 20 years it is estimated BSA will invest \$521 million in the sewer system, making upgrades, and complying with existing and future regulatory requirements. Sixty percent of the collection system was installed over 100 years ago, and will require extensive repair and millions in capital investment over the next 20 years.

Unfortunately, the estimated investment may actually be greater than what is projected in this FCA due to current asset age and the lengthy replacement schedules. For instance, the projected capital costs associated with the collection system are based on a 100-year replacement schedule. This means BSA will have sections of the collection system more than 200 years old before it is rehabilitated or replaced. In addition to the estimated replacement costs, the non-CSO CIP includes capital dollars needed to meet future regulatory requirements that have been proposed (i.e., nutrient removal). Currently there is no approved LTCP and thus no final program costs. In fact the revised LTCP is not due to be completed until the spring of 2011. BSA is in the process of finishing water quality tests and modeling in the areas receiving waters. Until the water quality testing is completed and the LTCP is developed, BSA will not know the level of spending needed for CSO abatement. However, to comply with the EPA and NYSDEC deadline of a FCA deliverable by September 30, 2010, the "preferred system wide alternative" LTCP from the 2004 report was used for illustration of the financial impact on the residents.

It was estimated in the 2004 Report the capital cost for the system-wide LTCP was \$464 Based on the 5-year average of the construction composite index from million. Engineering News Record, the current LTCP is now estimated in 2010 dollars at \$581 million. Combining BSA's capital plan and LTCP, it is projected that close to \$1.1 billion will be invested over the next 20 years in both non-CSO and CSO related projects. Table No. 5.3 show the projected capital expenditures.

20-TEAK CAFITAI	20-TEAR CAPITIAL EXPENDITORES ASSOCIATED WITH DSA 5 CIF AND LICF								
CIP		2010-14		2015-19		2020-24		2025-29	Total
Non-CSO Projects System Wide LTCP	\$	129,020,043 145,157,989	\$	172,235,685 145,157,989	\$	110,082,323 145,157,989	\$	110,082,323 145,157,989	\$ 521,420,374 580,631,956
Total	\$	274,178,032	\$	317,393,674	\$	255,240,312	\$	255,240,312	\$ 1,102,052,330

TABLE NO. 5.3

20 VEAR CAPITAL EXPENIDITURES ASSOCIATED WITH BSA'S CIP AND I TOP

In addition to the capital investment for CSO abatement, a portion of the system-wide LTCP included additional O&M cost. It is estimated that BSA will expend approximately \$3.7 million annually on O&M once the LTCP is implemented.

Based on the Guidance, the total 20-year capital budget, including non-CSO projects and the system-wide LTCP, were rolled into a single bond issue and an annual debt service payment was calculated. The annual debt service payment for future projects is estimated at \$93.7 million. In calculating the debt service, it was assumed the bonds would be paid back over 30-years. Although BSA has been fortunate to receive some revolving loan funds from the New York Environmental Facilities Corporation at subsidized interest rates and as capital forgiveness, this cannot be assumed for the next 20 to 30 years. Rather, it is anticipated that if BSA were to finance such large amounts, their bond rating would diminish as their debt ratios increased. This would inevitably drive up interest rates. Thus, based on a 20-year borrowing schedule of ever increasing

debt, an average interest rate of 7.4 percent was used. The current bond rating for BSA and the City falls between upper-medium to lower-medium grade. The total current and projected annual O&M and capital cost for BSA is \$114.4 million, net of the \$12 million in revenues it receives from the wholesale customers and capital costs allocated to the wholesale communities.

5.2.3 <u>RESIDENTIAL ALLOCATION</u>

In order to determine the residential class's share of the projected annual cost, BSA used the percentage of metered water usage for the residential class. The current metered usage by the residential customer class is 72 percent of total, and is expected to grow as more commercial and industrial customers leave the City. For the current study, detailed billing data identifying usage for residential and non residential users was utilized. Under the "City only" scenario, the cost allocated to the residential class net of wholesale costs and revenues is \$82.4 million net of wholesale cost and revenues. The wholesale communities are all served by the Erie County Water Authority which estimated that greater than 75 percent of water usage in the wholesale communities is from the residential class.

5.2.4 <u>NUMBER OF HOUSEHOLDS</u>

Over the past 50 years the City of Buffalo has witnessed a continuous decline in its population and the number of households. Numerous reasons have caused the population to shrink, in particular the economic climate in the region and lack of jobs causing people to move to other parts of the country. Based on the last 18 years of available census data, the City averaged an annual decrease of 1.20 percent of households. The number of vacant and abandoned homes throughout the City has become a major issue, which led to the City adopting a massive demolition program. The City plans to demolish approximately 10,000 homes in the next 5 years. The current number of households in the City of Buffalo is 108,387. This is based on the number of households from the 2006-2008 American Communities Survey, projected to 2010 based on the declining trend for the past 18 years. A summary of the decline in the number of Buffalo households is shown in Figure 5.1.

FIGURE NO. 5.1 NUMBER OF HOUSEHOLDS



Source: U.S. Census and American Communities Survey

5.2.5 <u>COST PER HOUSEHOLD</u>

Based on the cost allocated to the residential class, and the number of households, the CPH for a City of Buffalo resident is \$760. Again, the CPH calculation is net of all costs that would be shifted to the wholesale communities and revenues received by the wholesale communities. A summary of the CPH and the calculation according to the Guidance is shown below in Table 5.4.

			Including
		City	Wholesale
Description	S	ervice Area	Customers
Current WWT Costs			
Annual O&M	\$	40,215,261	\$ 40,215,261
Annual Debt Service		16,049,834	16,049,834
Cheektowaga			10,814,559
West Seneca			10,355,687
Erie Co. Sewer District 1 & 4			19,336,838
Wholesale Debt Service			2,512,897
Wholesale Revenues		(12,046,101)	(12,046,101)
Subtotal	\$	44,218,994	\$ 87,238,975
Projected WWT & CSO Costs			
<u>(Current Dollars)</u>			
O&M - CSO	\$	3,663,619	\$ 3,663,619
Debt Service		44.0((100	11.2((100
Non-CSO Related Projects		44,366,198	44,366,198
CSO Projects		49,404,345	49,404,345
Vinolesale Community Capital Costs			
Cheektowaga			2,828,562
vvest Seneca			1,382,637
Erie County Sewer District Wholesale Community LTCP			4,021,479
Cheektowaga			3.280.643
West Seneca			3,456,592
Erie County Sewer District			-
Additional O&M			446,000
Future Costs Allocated to Wholesale		(27,281,565)	,
Subtotal	\$	70,152,597	\$ 112,850,075
Total Current & Projected Costs	\$	114,371,591	\$ 200,089,050
Residential Flow		72%	75%
Residential Share of Costs	\$	82,395,599	\$ 151,017,617
Number of Households in Service Area		108,387	 178,769
Cost Per Household (CPH)	\$	760	\$ 845

TABLE NO. 5.4 COST PER HOUSEHOLD

5.2.6 <u>MEDIAN HOUSEHOLD INCOME</u>

The median household income was determined separately to support the two RI scenarios as follow:

- City Only The MHI for the City is based on the 2008 American Communities Survey. It is then adjusted by a 5-year CPI average of 2.59 to 2010 dollars. The City's MHI from the 2008 ACS of \$29,973, adjusted to today's MHI, is \$31,545, and is 43 percent below the national MHI.
- **City and Wholesale** Under the City plus Wholesale scenario, a weighted MHI was calculated. The adjusted 2010 weighted MHI is \$40,974. MHI data was not available for each of the communities in either the 2006-08 or 2008 ACS; therefore, MHI from the 2000 census was adjusted to reflect 2010 dollars.



FIGURE NO. 5.2 INCOME DISTRIBUTION IN THE CITY OF BUFFALO

Census.gov 2006-08 ACS

5.2.7 <u>RESIDENTIAL INDICATOR AND RATING</u>

The RI score is determined by dividing the CPH by the MHI. In theory the rating should represent the financial burden on the residents. The Guidance considers a score above 2.0 percent of MHI to be HIGH burden. Based on Guidance a permittee that has a RI below the 2.0 would likely have a HIGH burden for the lower income households, but would receive a MEDIUM Score. In essence, this implies that lower income households can afford a higher percentage of their income than a household that falls at or above the MHI. Under the City only scenario, based on the projected CPH of \$760 and the City's MHI of \$32,503, the RI is 2.41, resulting in a HIGH burden. More significant is the RI score of up to 15 for the households with income less than the MHI (see Figure No. 6). This is over two times EPA's recommend threshold. A summary of the RIs and the rating for each scenario can be found in Table 5.5.

		Including
	City	Wholesale
Description	Service Area	Customers
Median Household Income (MHI)		
Census Data Year	2008	1999
Census Year MHI	\$29,973	\$30,931
MHI Adjustment Factor	2.59%	2.59%
Adjusted MHI	\$31,545	\$40,974
Cost Per Household	\$760	\$845
Residential Indicator	2.41	2.06
Rating	High	High

TABLE NO. 5.5 RESIDENTIAL INDICATOR

5.3 <u>FINANCIAL CAPABILITY INDICATORS</u>

The City's FCI is determined by five socioeconomic benchmarks including:

- Ratio of Overall Debt to Full Market Property Value ("FMPV")
- Unemployment Rate
- Median Household Income
- Tax Collection Rate

• Ratio of Tax Revenues to FMPV

As noted earlier, the Guidance includes an additional benchmark in the FCI, a community's bond rating. However, BSA does not believe this benchmark is applicable locally since the City does not have its own bond rating. The NYS Fiscal Stability Control Board currently issues bonds on behalf of the City. This structure provides any City bonds with the full backing of NYS and thus, is not representative of the City issuing bonds independently. Furthermore, based on S&P's ratings, less then 1 percent of all municipalities ever receive bond ratings that would qualify as weak. This artificially skews the FCI towards a STRONG score for even the weakest community.

Each indicator was evaluated carefully and assigned a score from 1 to 3 based on the Guidance. The evaluation focused on the City's economic status because BSA's ratepayers would be responsible for any LTCP financing. Furthermore, the RI assigns to wholesale communities the maximum capital responsibility possible under the current wholesale agreements. Thus City ratepayers will be required to shoulder the remaining costs associated with a LTCP. The average score was then calculated and a total rating determined as shown in Table 5.6.

Indicator Rating	Average Score					
Weak	Below 1.5					
Mid-Range	Between 1.5 and 2.5					
Strong	Above 2.5					

TABLE NO. 5.6 TOTAL INDICATOR RATING

5.3.1 NET DEBT AS A PERCENTAGE OF FMPV

The first benchmark is City debt outstanding, including overlapping debt as a percent of the City's FMPV. Currently the City has over \$400 million in outstanding debt, including \$75 million in overlapping debt shared with Erie County. The FMPV within the City is \$6.3 billion, which is the value used to calculate the City's allowable debt margin. The ratio of outstanding debt to FMPV is 6.58, resulting in a "weak" rating (see Table 5.7).

Description	Value
Direct Net Debt	\$ 337,647
Debt Overlapping Entities	 75,453
Overall Net Debt	\$ 413,100
Full Market Property Value	\$ 6,282,342
% of Debt as of FMPV	6.58%
Rating	Weak

TABLE NO. 5.7 NET DEBT AS PERCENTAGE OF FMPV

5.3.2 <u>UNEMPLOYMENT RATE</u>

For the unemployment benchmark, BSA compared a 5-year average between the City of Buffalo's unemployment rate and the national rate. Historically, Buffalo's unemployment rate has been significantly greater than the national average (see Figure No. 5.3). However, due to the recent recession, the national unemployment rate has spiked, moving much closer to Buffalo's unemployment rate. As a result of the current volatility in the unemployment numbers, a 5-year average was used to characterize Buffalo's local conditions. Unfortunately, based on many decades of historical data, it is likely that as the nation pulls out of recession, the unemployment gap will once again widen. The rating for the unemployment benchmark is "weak".

FIGURE NO. 5.3 BUFFALO'S UNEMPLOYMENT COMPARISON TO THE NATIONAL AVERAGE



5.3.3 MEDIAN HOUSEHOLD INCOME

The median household income benchmark compares the community's MHI to the national average. Based on the City's 2008 MHI of \$29,973 adjusted to 2010 dollars (based on the CPI 5-year average), and the nation's adjusted MHI of \$54,758, the City's MHI is 42.4 percent less than the national MHI, resulting in a "weak" rating (see Table 5.8).

Description	Value
Adjusted MHI	\$31,545
2008 Census National MHI	\$52,029
MHI Adjustment Factor	2.59%
Adjusted National MHI	\$54,758
Difference	-42.4%
Rating	Weak

TABLE NO. 5.8 MHI BENCHMARK

5.3.4 <u>TAX REVENUES</u>

For the tax revenue as a percentage of FMPV benchmark, the City received a "mid-range" score. This attempts to measure local government efficiency when compared to its tax base. In fiscal year 2009, the City and County had assessed \$160 million in levies against \$6.3 billion FMPV or 2.58 percent of FMPV (see Table 5.9).

Description		Value
FMPV	\$	6,282,342
Property Tax Revenues		129,916
County Tax		32,455
% of Rev/FMPV	2.58%	
Rating Mid-Ra		lid-Range

TABLE NO. 5.9 PROPERTY TAX REVENUES

5.3.5 **PROPERTY TAX COLLECTION RATE**

The property tax collection rate is a measure of property owners' ability to pay their tax bills on time, or how heavy the local tax burden is. For 2009, the total tax level with interest was \$129.9 million. Of this, \$121.8 million was collected which is only 93.8 percent. Any collection rate of less than 94 percent within the fiscal year, results in a "weak" score. It is important to note that the 10-year average collection rate is only 92.6 percent.

It is important for a City to have a high collection rate in order to meet its financial obligations. Over time, the percentage of taxes collected generally increases as delinquent taxes are recovered. However, collection rates of less than 100 percent within a fiscal year may require short-term loans with additional cost to continue operations. Thus, only current year collections are included (see Table 5.10).

Description	Value		
Property Tax Collected	\$ 121,873		
Property Tax Levied	129,916		
% of Rev/FMPV	93.81%		
Rating	Weak		

TABLE NO. 5.10 TAX COLLECTION RATE

5.3.6 <u>FINANCIAL CAPABILITY SCORE</u>

Based on the ratings for each of the benchmarks, the number of points cumulated was 6 points. The City's average score from the five benchmarks was 1.2, resulting in a "**Weak**" FCI rating. A summary of each of the benchmarks and the resulting scores are shown in Table 5.11 along with the final FCI rating.

TABLE NO. 5.11 FCI SCORING			
	Actual		
Indicator	Value	Rating	Score
Bond Ratings	N/A	N/A	N/A
Overall Net Debt of FMPV	6.58%	Weak	1
Unemployment Rate	1.26%	Weak	1
Median Household Income	-42.39%	Weak	1
Property Tax Revenue	2.58%	Mid-Range	2
Property Tax Collection Rate	93.81%	Weak	1
FCI (Sum Score ÷ Number of Entries)			1.20 Weak

5.4 <u>FINANCIAL CAPABILITIES MATRIX</u>

Combining the ratings of the RI and the FCI within the Financial Capability Matrix, a final determination of burden resulting from the LTCP can be made. For the two RI scenarios evaluated, the HIGH RI score and the WEAK FCI score, show the financial

burden of the LTCP will be HIGH. A summary of the results is shown in Table 5.12 below.

TABLE NO. 5.12 SCORING SUMMARY OF TWO RI SCENARIOS AND FCI

Score	City Only		Including	Wholesale
FCI	1.20	Weak	1.20	Weak
RI	2.41	High	2.06	High

TABLE NO. 5.13 FINANCIAL CAPABILITIES MATRIX

Financial Capability	Residential Indicator		
Indicator Score	(Cost per Household as % of MHI)		
(Socioeconomic &	Low	Mid-Range	High
Financial Indicators)	Below 1%	Between 1.0% - 2.0%	Above 2.0%
Weak	Madium Dundan	III als Dourd an	II'mh Daudan
Below 1.5	Mealum Burden	Filgh burden	High Burden
Mid Range	I	M. 1. D. 1.	LI' 1. D 1
1.5 – 2.5	Low Burden	Medium Burden	High Burden
Strong	I	I. D. D. I.	M. 1. D. 1
Above 2.5	Low Burden	Low Burden	Mealum Burden

6.0 OTHER LOCAL FACTORS AND NECESSARY CONSIDERATIONS

Unfortunately, the City of Buffalo is at the extreme lower end of the national economic spectrum. There is much in the form of economic data to support this fact. However, as outlined in *Section 3.2 - Guidance Limitations and Shortcoming Relative to the City of Buffalo*, the Guidance provides very little recognition of this fact in its formulaic approach to establishing "affordability" and economic burden in a City like Buffalo.

There are many local factors that must be included as part of determining the true affordability threshold of the ultimate LTCP for BSA users These factors, several of which are summarized below, set Buffalo apart from the vast majority of other cities in the country. Additional factors are still being evaluated, and BSA reserves the right to present these at a later date as discussions continue. It is absolutely critical that these factors are considered – along with the technical and legal requirements – when determining the final LTCP and its ultimate implementation schedule.

One of the most important local factors is the ability of low income households in Buffalo to sustain any additional sewer cost burden. While LTCP costs and the associated increase in sewer rates will impact low-income residents in any community, that can often be mitigated by rate relief programs for the economically disadvantaged. However, in the case of Buffalo, the sheer number of low-income households relative to a "typical" city makes this very problematic.

Demographic data from several sources shows the City and its residents near the bottom of every economic measure. Some of these measures are shown in Table No. 6.1. Each one of these economic indices must be considered after the LTCP is complete, when the implementation schedule is being developed.

Indicator	City of Buffalo	National Average	Variance
Poverty Level	24.9%	9.6%	259%
Household Income < \$20,000	35.8%	18%	200%
Receives Public Assistance	7.4%	2.3%	321%
MHI	\$29,845	\$52,175	(175%)

TABLE NO. 6.1 LOCAL ECONOMIC FACTORS FOR CONSIDERATION

Currently, approximately 35 percent of Buffalo residents already pay 2 percent or more of their household income for sewer bills. If the 2004 "preferred" LTCP were to be implemented over the next 20 years, these same residents would pay a significantly greater percentage of their income towards sewer bills. For example, approximately 20 percent of households have income less than \$10,000 annually. These households,
already our most disadvantaged and least mobile residents, would be expected to pay upwards of 10 to 15 percent or more of their household income towards wastewater services – which is obviously unreasonable and literally impossible. Figure 6.1 shows the residential income distribution for the City and the corresponding RI if the LTCP is implemented as stated.





Another measure that is indicative of local conditions is the delinquency rate of BSA's customers. Many sewer customers are already struggling to pay their sewer bills on time as demonstrated by:

- 50 percent of customers pay their bills late and incurring interest and penalties
- Approximately 10 percent of customers are on a payment plans to avoid shutoffs
- Hundreds of accounts are shut off each month
- 40 percent of BSA's accounts receivable for sewer charges is over a year old

This climate of delinquency is a strong indication of the severe hardship and real "burden" that additional rate increases would place upon low-income users. Any aggressive rate increases will most definitely lead to increasing delinquency, further shutoffs, more foreclosures, and reduced collection rates.

Buffalo's fragile economic state cannot sustain the large investment contemplated by the 2004 LTCP unless implemented over an extended period of time. To do otherwise would be economically and socially unjust to a large portion of the City's population. BSA is working diligently to comply with all regulatory requirements, as evidenced by many of its recent projects. Furthermore, BSA is committed to working with the regulatory agencies to develop a LTCP that achieves the water quality standards required. It is important, however, to carefully consider Buffalo's realistic financial capability to fund projects. To do otherwise will aggravate the downward demographic and economic trends, and turn a "slippery slope" into a "precipice". Without an LTCP that has been determined to be the lowest possible cost option, paired with a realistic schedule for implementation that reflects and accommodates the severe and continuing economic hardship of the City, neither BSA, EPA nor DEC will accomplish what they all want to achieve.

APPENDIX A

SEPTEMBER 20, 2010 PRESENTATION

Buffalo Sewer Authority Long Term Control Plan

Revised Financial Capability Assessment

Presentation September 20, 2010

DRAFT – FOR SETTLEMENT PURPOSES SUBJECT TO FRE 408

Presentation Outline

- 1) BSA Background & Demographics
- 2) 1997 Guidance Document Review
- 3) 2004 FCA Report Review
- 4) Current Fiscal Position & Projection
- 5) 2010 Revised FCA
 - a) Residential Indicator (RI)
 - b) Financial Capabilities Indicator (FCI)
 - c) FCA Score
- 6) Summary and Conclusions

BSA - Background & Demographics

- Buffalo is steadily losing pop. <u>21% since 1990</u>
- BSA is losing customers at a rate of ~ 1% per year
- System designed to serve a population of over half a million – but now serves ~ 260,000 and falling
- Aging infrastructure 60% of collection system is
 > 100 years old
- Severe fiscal instability has resulted in NY State appointing County and City fiscal stability control boards

BSA - Background & Demographics

BSA Is Not a Regional Authority

- Provides WW utility services within City limits, but only treatment for independent wholesale communities
- Has no ability to mandate or enforce participation of wholesale communities
- Wholesale agreements are long-term contracts with established rates and charge formulas
- Wholesale communities set own internal user rates
- Wholesale agreements allow contracting communities to seek treatment alternatives

BSA - Background & Demographics The City of Buffalo Is On Economic Life Support

- Third poorest City in US (population > 250,000)
- City MHI is <u>40% below</u> the National MHI
- Over <u>70 %</u> of City households <u>below</u> national MHI
- <u>25 %</u> of the population lives <u>below</u> the poverty level
- <u>36 %</u> of households have annual income <u>below</u> \$20k
- <u>Three times</u> as many households are on public assistance as the national average

BSA - Background & Demographics

The City of Buffalo Is On Economic Life Support

- Current Residential Sewer Bill = 1.23% of MHI
- Residential Water Bill = 1.09% of MHI
- <u>35%</u> of City households <u>already exceed</u> EPA's suggested affordability threshold of 2% of household income for sewer service
- Current ~ 50% delinquency rate on Sewer bills
- Current > 10% of households in severe delinquency (w/ payment plans in place to avoid turn-off)

BSA - Background & Demographics Dramatic loss of residential households





BSA - Background & Demographics Median Household Income (2008)



BSA - Background & Demographics Percentage of households below poverty level



BSA - Background & Demographics Percentage of Households below \$20k



BSA - Background & Demographics Percentage of Households on Public Assistance



Census.gov-2008 American Community Survey

BSA - Background & Demographics City of Buffalo Income Distribution



BSA - Background & Demographics Customer Accounts Receivable



Facts:

- The City of Buffalo is at the extreme lower end of the national economic bell curve
- Long-term trends indicate a continued downward slide in population base, and loss of industry and employers
 Therefore:
- Consistent with the 1997 EPA FCA Guideline, significant flexibility is required in the approach to establishing the amount / pace of adding further burden to residents and businesses from LTCP implementation

1997 Guidance Review The Guidance Document Promotes a Flexible Approach

"Since <u>flexibility is an important component</u> of the CSO policy, WQS authorities, NPDES authorities, EPA personnel, and permittees should communicate throughout the CSO control planning process... This guidance document provides all CSO participants with a structured yet <u>flexible</u> <u>approach for evaluating the financial burden</u> CSO controls place on permittees."⁽¹⁾

 [1] EPA, Office of Wastewater Management: Combined Sewer Overflows-Guidance for Financial Capability assessment and Schedule Development, Final, (Washington, D.C., February 1997), pg. 10.

Shortcomings Relative to Buffalo's Economic Status

- *Wholesale Communities* non-owners with no strict liability for CSO requirements, and ability to seek feasible alternatives
- Uses one-year snapshot of financial condition and metrics provides an invalid comparison of true relative economic picture and trends
- Disregard for impact on low-income households does not consider the rate of households below poverty
- Affordability projection assumes a uniform cost of living across the country - and presumes low income households can afford above 2% threshold

Shortcomings Relative to Buffalo's Economic Status

- *"Pay-the-balance" approach to non residential users* ignores the impact upon fragile but crucial and 'mobile' customer base
- *CPH approach vs. actual charges* not representative of the actual current sewer bill that residents pay
- One-side-of-the-ledger approach only includes expenses while ignoring multiple factors that impact revenues
- Ignores bond rating decline over time future interest rates will increase as debt load increases
- Doesn't account for BSA's constitutional debt limit BSA has a legislated debt ceiling of \$125 million

Shortcomings Relative to Buffalo's Economic Status

<u>A 'Strong' FCI should not obviate a 'Weak' RI</u> - since in the end, the residents are still faced with a 'High Burden'.

Financial Capability Matrix					
Financial Capability	Residential Indicator				
Indicator Score	(Cost per Household as % of MHI)				
(Socioeconomic & Financial Indicators)	Low	High			
	Below 1%	Between 1.0% - 2.0%	Above 2.0%		
Weak Below 1.5	Medium Burden	High Burden	High Burden		
Mid Range 1.5 – 2.5	Low Burden	Medium Burden	High Burden		
Strong Above 2.5	Low Burden	Low Burden	Medium Burden		

2004 LTCP FCA Analysis

Major Shortcomings/Revisions

- Significantly underestimated residential flow
- Only a five year capital plan included
- Debt service has been updated
- Escalation in capital construction costs
- Over estimated future LTCP O&M
- Unprecedented intervening economic downturn

Current Fiscal Position & Projection

- Current O&M Budget
 - BSA's 2010 Operating Budget \$40.2 M
 - BSA & Wholesale Budget \$80.7 M
- Current Annual Debt Service
 - BSA \$16 M
 - BSA & Wholesale \$18.5 M
- Current 20 Year CIP Debt Service Projection
 - BSA \$31.9 M
 - BSA & Wholesale \$52.6 M

Current Fiscal Position & Projection Long Term Control Plan Price Escalation

		Onginai	
<u>Project</u>	Inflation <u>Factor</u>	LTCP <u>2004</u>	<u>2010</u>
Alternative 1			
Buffalo River	3.8%	\$ 65,428,344	\$ 81,796,181
Erie Basin Marina		2,063,400	2,579,589
Alternative 2 Cornelius Creek		66,721,991	83,413,452
Alternative 3A/3B			
Black Rock Canal		219,490,570	274,399,279
Niagara River		14,540,086	18,177,497
Scajaquada Creek		45,100,119	56,382,560
Alternative 5			
B Cazenovia Creek		4,100,000	5,125,674
C Cazenovia Creek		47,000,000	58,757,723
Total		\$464,444,510	\$ 580,631,956

Current Fiscal Position & Projection

- Projected Annual Debt Service LTCP
 - BSA \$35.6 M
 - BSA & Wholesale \$56.2 M
- Additional LTCP Annual O&M
 - BSA \$2.6M
 - BSA & Wholesale \$4.2M
- BSA Revenues from Wholesale Communities
 - \$12M

2010 Revised FCA

- FCA Calculation requires a defined LTCP
 - Premature analysis there is no defined or approved LTCP or cost
 - Projected LTCP delivery is April 2011
- Therefore this 2010 Revised FCA is for illustrative purposes only
 - Analysis is based upon the 2004 system-wide LTCP Capital Cost
 - 2004 cost = **\$464M** (**\$524M**)
 - 2010 inflation-adjusted cost = **\$581M** (**\$654M**)

2010 Revised FCA

- In view of shortcomings of 1997 Guidance, two FCA calculations were completed
 - City Only
 - BSA & Wholesale Communities
- Residential Flow Allocation
 - BSA (based on detailed meter data) 72% of flow allocated to residential
 - BSA & Wholesale Communities 75% of flow allocated to residential

2010 Revised FCA Cost per Household

	City <u>Service Area</u>	City & Wholesale	
Total Current & Projected Costs	\$ 114,371,591	\$ 200,089,050	
Residential Flow	72.0%	75.5%	
Residential Share of Costs	\$ 82,395,599	\$ 151,017,617	
Number of Households in Service Area	108,387	178,769	
Cost Per Household (CPH)	\$ 760	\$ 845	

2010 Revised FCA Residential Indicator

	City Service Area	City & Wholesale Customers
Median Household Income (MHI)		
Census Data Year (1)	2008	1999
Census Year MHI	\$29,973	\$30,931
MHI Adjustment Factor (2)	2.59%	2.59%
Adjusted MHI	\$31,545	\$40,974
Cost Per Household	\$760	\$845
Residential Indicator	2.41	2.06
Rating	High	High

Used the 2000 census for the weighted MHI for service area. The 2008 ACS did not have the MHI for the service areas outside of the City of Buffalo.

2010 Revised FCA Residential Indicator - MHI Adjusted

	City Service Area	City & Wholesale Customers
<u>Median Household Income (MHI)</u> Census Data Year (1) Census Year MHI	2008 \$29.973	1999 \$30 931
MHI Adjustment Factor (2)	1.00%	1.00%
Adjusted MHI	\$30,575	\$34,509
Cost Per Household	\$760	\$845
Residential Indicator	2.49	2.45
Rating	High	High

Used the 2000 census for the weighted MHI for service area. The 2008 ACS did not have the MHI for the service areas outside of the City of Buffalo.

Adjusted MHI-Due to the economic downturn and the unemployment rate, the five-year CPI is not reflective of the inflation to MHI.

2010 Revised FCA Projected RI based On LTCP

16.00 20.0% 18.8% RI % of Households 18.0% 14.00 16.0% 12.00 14.0% Percen **Residential Indicator** 10.00 12.0% itage 9.9% 10.0% 8.00 **City's MHI** Households \$31,545 7.6% 8.0% 7.4% 7.2% 7.1% 7.0% 7.0% 6.00 6.5% 6.0% 5.3% 4.7% 4.00 3.6% 3.6% 4.0% 2.00 1.5% 1.6% 1.3% 2.0% ■ ■ ↓ 0.0% NO. 47.09 50,59.99 60,1×,99 So. AC. OC 20.00. 00.00 FS FO. SO 700× 570 ⁷0, ⁷5, ⁷0, ⁷5, ⁷0, ⁷5, ⁷0, ⁷5, ⁷0, Household Income Range (\$ Thousands)

- Over 60 % of households will have a RI above 2.0
- 45% of households will have a RI above 3.0
- 19% of household will have RI above 15

2010 Revised FCA Financial Capabilities Indicator

- City's Bond Rating
- Net Debt of FMPV
- 5-Year Average Unemployment Rate
- Median Household Income
- Property Tax Revenue
- Property Tax Collection Rate

2010 Revised FCA Financial Capabilities Indicator

Indicator	Actual <u>Value</u>	Rating	Score	Score
Bond Ratings	A-	Mid-Range	2	N/A*
Overall Net Debt of FMPV	6.58%	Weak	1	1
Unemployment Rate	1.26%	Weak	1	1
Median Household Income	-43.29%	Weak	1	1
Property Tax Revenue	2.55%	Mid-Range	2	2
Property Tax Collection Rate	93.81%	Weak	1	1
FCI (Sum Score ÷ Number of Entries)			1.33 Weak	1.20 Weak

- * Less than 1% of municipalities show weak bond rating <u>skews FCI calculation</u>
- All indicators based on City metrics

2010 Revised FCA Financial Capacity Score

Score	City	City Only		Including Wholesale		d WS Contracts
FCI	1.33	Weak	1.33	Weak	1.33	Weak
RI	2.41	High	2.06	High	3.24	High

Financial Capability Indicator Score	Residential Indicator (Cost per Household as % of MHI)			
(Socio-economic & Financial Indicators)	Low Below 1%	Mid-Range Between 1.0% - 2.0%	High Above 2.0%	
Weak Below 1.5	Medium Burden	High Burden	High Burden	
Mid Range 1.5 – 2.5	Low Burden	Medium Burden	High Burden	
Strong Above 2.5	Low Burden	Low Burden	Medium Burden	

Summary and Conclusions The City of Buffalo is Already Heavily Burdened

- 3rd Poorest City in the United States
- 18% of Households / Residential User Base has been <u>Lost</u> Last 20 yrs.
- Current Residential Sewer Bill is 1.23% of City-wide MHI
- 50% Residential
 Delinquency Rate for
 Current Sewer Bills

- 3 times the US Average Rate of Poverty/Public Assistance
- Continuing Long-term Loss of Industrial Base and Employers
- 35% of Households Now Pay
 > 2% of household income for Sewer Service
- ~ 10% of Households in Severe Delinquency on Current Sewer Bills

Summary and Conclusions

The City of Buffalo is Heavily Burdened

- Significant and/or accelerated added sewer charge burdens will:
 - Place a higher burden on the most struggling and immobile portion of user base those in poverty
 - Aggravate downward demographic and economic trends
 - May also imperil continued financial contribution of 'voluntary' suburban users
- Maximum flexibility in LTCP implementation cost and pace is justifiably warranted and absolutely required
Questions and Discussion

APPENDIX B

SOURCE DATA

O&M Budget	2010-11		
Personnel			
Salary	\$	10,860,783	
Benefits		6,629,352	
Capital Outlay		684,227	
Utility Services		10,227,450	
Purchase of Services		5,594,538	
Materials & Supplies		3,325,149	
Travel & Transportation		32,040	
Uncollectables		2,861,722	
Total	\$	40,215,261	
Source:			
Buffalo Sewer Authority's 2010-20	11 F	Budget	

BSA'S 2010-11 O&M BUDGET

Line	Project	Total
1	Annual Centrifuge Maintenance	\$ 500,000
2	Rehab (1) RWW & SWW Pump and Motor	2,160,000
3	Gas Clean Aeration Diffuser Stones	1,000,000
4	Final Clarifier Buildings Rehab	1,200,000
5	Chiller Replacement & HVAC Improvements	2,400,000
6	Power Distribution Survey & Implementation	5,000,000
7	Miscellaneous Pipe Replacement	2,000,000
8	Annual Digester Cleaning (2 per year)	1,200,000
9	Railing Rehab at Aeration	450,000
10	Thickener Rehabilitation	1,600,000
11	Door / Window Replacement	1,050,000
12	Steam Plant Modifications	440,000
13	Final Clarifier Screens	100,000
14	Secondary System Control Valve/Magmeter Replacement	7,500,000
15	Sludge Pump Mixers	800,000
16	Install 2nd Floor of Stockroom	250,000
17	Secondary Clarifier Weir Refurb (2 Tanks)	3,925,000
18	SCADA DCU Replacement	3,500,000
19	Replace Thickener Sludge Pumps and Controls	150,000
20	Outdoor Road Lighting	150,000
21	Pump Station Rehab @ South Buffalo-Phase II	1,750,000
22	Ferrous Chloride Tank Replacement	70,000
23	Roof Replacement & Structural Repairs	750,000
24	Digester and Mixing Improvements	1,500,000
25	Plant Water System Improvements	250,000
26	Replace Incinerator & Ash System Controls with SCADA	700,000
27	Demolish #6 Fuel Oil Tanks (2 tanks)	100,000
28	Primary Clarifier Modifications/Improvements	2,070,000
29	Incinerator Refractory Rehabilitation	1,500,000
30	RAS/WAS/Plant Water Pump Evaluation	50,000
31	Mix Tank Cleaning	500,000
32	Ash System Modification Study / Implementation	6,050,000
33	Inlet Trash Rack Replacement (2 racks / yr)	300,000
34	Alternate Location for Polymer	1,575,000
35	Pump Station Rehab-All Stations	2,000,000
36	Retube (3) WHRB & (3) Aux	850,000
37	VFD Replacement	1,000,000
38	Energy Improvements	6,500,000
39	Replace Steam Main Stop and non-return Valves on #1, #2 & #3 Aux Boilers	50,000
40	Overhaul Incinerator Ash System	500,000

BSA'S 20 YEAR CAPITAL PLAN

Line	Project	Total
41	SWW Wet Well Cleaning (2)	300,000
42	Stop-Log Set for Final Clarifier Control Bldgs & FE Building	80,000
43	Electrical Sub-Metering	350,000
44	Waste Hauler Pre-treatment Station and Automated Swipe-in	795,000
45	Centrifuge Feed Pump	150,000
46	Rehab/Upgrade Incinerator #1 and #3	6,600,000
47	Fine Bubble Diffuser Replacement	1,500,000
48	Structural Rehabilitation of Process Tanks	2,200,000
49	Automate four (4) Aeration Tank Effluent Lines / Drains	600,000
50	Construct New Hypochlorite Facility	3,000,000
51	Third and Fourth Centrifuge Installation	4,600,000
52	Blower Rehab	1,000,000
53	Primary Pump & Heat Exchangers	400,000
54	Diversion & Primary Open Change Flow Meters	1,000,000
55	Centrifuge Rehab	600,000
56	New Filter Media Change-Out	500,000
57	Replace Conveyor Belts in De-Watering	150,000
58	Replace Digas Compressors	2,000,000
61	Replace Conveyors in Grit Bldg	500,000
62	Final Effluent Flow Meters (4)	100,000
63	Re-Pave Roads/Lots on Bird Island	5,250,000
64	Install Cake Receiving Station @ South Mix Tank	7,500,000
65	Surveillance Cameras Throughout Bird Island	1,500,000
66	SWW Control Upgrade	700,000
67	Replace Water Softening System for Steam Plant	150,000
68	Engineering Term Contracts	2,500,000
69	Sewer Cleaning / TV Inspection	1,500,000
70	Unanticipated Sewer Replacements	2,000,000
71	Outside District Flow Verification	150,000
73	Kelly Island Station Relocation	12,000,000
74	CSO Phase II Study	600,000
75	SPP 123 A Modifications (Hopkins)	2,400,000
76	Swan Trunk System Modifications	1,000,000
81	South Buffalo Weir Modifications	300,000
86	Collection and Treatment Plant Upgrades	280,496,970
88	Future Regulatory Requirements - Nutrient Removal	83,508,404
89	Future Regulatory Requirements - Incinerators	30,000,000
90	Total CIP	\$ 521,420,374
	Source:	
	Buffalo Sewer Authority's Final Capital Plan 2010-2020	

Project		Total			
Buffalo River	\$	81,796,181			
Erie Basin Marina		2,579,589			
Cornelius Creek		83,413,452			
Black Rock Canal		274,399,279			
Niagara River		18,177,497			
Scajaquada Creek		56,382,560			
B Cazenovia Creek		5,125,674			
C Cazenovia Creek		58,757,723			
Total	\$	580,631,956			
Source:					
Malcolm's Pirnie's 2004 System-Wide LTCP					

BSA'S LTCP

NATIONAL CPI				
Year	Annual			
2001	2.82%			
2002	1.60%			
2003	2.30%			
2004	2.67%			
2005	3.37%			
2006	3.22%			
2007	2.87%			
2008	3.82%			
2009	-0.32%			
5 -Year Average	2.59%			
Source:				
<u>www.bls.gov</u>				

Income Range	Percentage
Less than \$10,000	18.8%
\$10,000 to \$14,999	9.9%
\$15,000 to \$19,999	7.1%
\$20,000 to \$24,999	7.4%
\$25,000 to \$29,999	7.0%
\$30,000 to \$34,999	6.5%
\$35,000 to \$39,999	5.3%
\$40,000 to \$44,999	4.7%
\$45,000 to \$49,999	3.6%
\$50,000 to \$59,999	7.2%
\$60,000 to \$74,999	7.0%
\$75,000 to \$99,999	7.6%
\$100,000 to \$124,999	3.6%
\$125,000 to \$149,999	1.5%
\$150,000 to \$199,999	1.6%
\$200,000 or More	1.3%
Source:	
2006-08 ACS	

BUFFALO'S 2008 HOUSEHOLD INCOME DISTRIBUTION

Year	Buffalo	National	Varience
2000	5.1	4	1.1
2001	5.8	4.7	1.1
2002	6.8	5.8	1.0
2003	7.3	6	1.3
2004	7.3	5.5	1.8
2006	6.3	4.6	1.7
2007	5.9	4.6	1.3
2008	7.0	5.8	1.2
2009	10.0	9.3	0.7
5-Year Average	7.1	5.9	1.3
Source:			
www.bls.gov			

HISTORICAL UNEMPLOYMENT RATE

Service Area	MHI	Households	Income
City of Buffalo	\$ 24,536	122,720	\$ 3,011,057,920
Cheektowaga Service Area	35,000	24,847	869,645,000
ECSD No. 1	45,500	14,832	674,856,000
ECSD No. 4	46,500	16,676	775,434,000
West Seneca Service Area	47,000	12,941	 608,227,000
Total		192,016	\$ 5,939,219,920
Weighted MHI			\$ 30,931
Source:			
www.census.gov			

WEICHTED MUI

Fiscal Year	Levy	Collected	Rate
2000	\$ 141,32	7 \$ 129,207	91.4%
2001	130,61	4 119,370	91.4%
2002	117,46	1 108,237	92.1%
2003	117,85	0 108,771	92.3%
2004	126,15	6 116,714	92.5%
2005	130,78	3 121,485	92.9%
2006	130,67	3 121,415	92.9%
2007	131,03	2 121,849	93.0%
2008	131,31	7 123,394	94.0%
2009	129,91	6 121,873	93.8%
Five Year Ave Ten Year Aver	rage age		93.3% 92.6%
Source: City of Buffalo	o's 2009 CA	FR	

TAX COLLECTION RATE



ADDENDUM 1

FINANCIAL CAPABILITY ASSESSMENT FOR THE DRAFT LONG TERM CONTROL PLAN

BUFFALO SEWER AUTHORITY BUFFALO, NEW YORK

The Buffalo Sewer Authority submits this document subject to Federal Rules of Evidence Section 408.

Prepared by: CRA Infrastructure & Engineering, Inc.

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MARCH 2011 **Ref. no.** 630718 (1) ADD1



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MEMORANDUM SUBMITTED SUBJECT TO FEDERAL RULES OF EVIDENCE SECTION 408

To:	Charles Martorana, Esq.	Ref. No.:	630718 (1) ADD1
FROM:	Bryan Smith, P.E./jap/001	Date:	March 7, 2011
CC:	David Comerford, Oluwole McFoy, Paul Calamita, Esq.		
RE:	Buffalo Sewer Authority - CSO Long Term Control Plan Con Addendum #1 to the September 2010 Revised Financial Cap Long Term Control Plan Response to January 29, 2010 Department of Justice Request	nsent Decree ability Asses for Additior	Negotiations sment for the Draft al Information

The following and attached information is provided in response to the "BSA Additional Information Request" (dated January 29, 2011, Appendix A), as attached to the February 3, 2011 email from the Department of Justice's Rachel Hankey. The Information Request concerns the Residential Indicator analyses contained in the <u>Financial Capability Assessment (FCA) for the Revised Draft Long Term Control Plan</u> report (the "Report") prepared and submitted by our firm in September 2010. This Memorandum including attachments is considered supplementary, and is issued as Addendum #1 to, *the September 2010* report.

The Residential Indicator analysis contained in the referenced Report was developed from information from various sources, including documentation provided directly by, and/or prepared in consultation with, the Buffalo Sewer Authority (BSA), the City of Buffalo, the wholesale communities served by the BSA (including the Town of Cheektowaga, the Town of West Seneca, Erie County Sewer Districts No. 1 and No. 4), and the Federal Census Bureau. *In order to provide the most accurate response possible herein, we have utilized the best and most recent information made available to us - including information provided, and understandings gained, following completion of the September 2010 Report.* Therefore, we have included, where appropriate, revised tables/information indicating any revised values of substance from the original FCA report document, as explained in further detail below. <u>Please note that the inclusion of this updated information has not substantively changed the overall results of the financial capability analysis, which continues to demonstrate that the BSA is "High Burden".</u>

In each case below, we have reprinted the exact question or statement made in the "BSA Additional Information Request," followed by the response. Supporting documentation and data and any revised FCA tables are provided in the attachments to this memorandum.



CRA Memorandum

1. <u>Provide a detailed explanation and backup documentation to support the following values in BSA's residential indicator analysis related to wholesale clients' current costs: wholesale clients' total operations and maintenance costs (\$40,507,084), wholesale revenues received by BSA (\$12,046,101), and current debt service of wholesale communities (\$2,512,897).</u>

The operations and maintenance ("O&M") costs, revenues to the BSA (or BSA Costs), and debt service for the wholesale communities are shown below in Table No. A. Please note that due to the improved information/understanding received after the Report was submitted, the O&M budgets for West Seneca and Erie County Sewer Districts (ECSD) No. 1 and No. 4, and the BSA costs to the ECSD, have been updated as shown in Table No. A below. Supporting documentation for each of the wholesale communities' costs is included in Appendix B (see attached).

Community /District	2010 O&M Budget	2010 Debt Service	BSA Costs	Totals
Cheektowaga	\$7,448	\$766	\$3,366	\$11,581
West Seneca	\$6,100*	\$26	\$1,930	\$8,056
ECSD No.1 & No. 4	\$6,804	\$1,616	\$5,950	\$14,370
Totals	\$20,352	\$2,408	\$11,246	\$34,007

 Table A - Breakout of Wholesale Community O&M, Debt Service, and BSA Costs (\$000)

* Includes \$650,000 pay-go improvements to sanitary system as reported by the Town.

The updated information shown in Table A must also necessarily be incorporated into Table Nos. 5.2, 5.4, 5.5, and 5.12 of the FCA submitted in September 2010. Revised tables, which replace the tables in the September 2010 FCA, are included in the Appendix C. Please note that the updated information does not substantively change the result of the FCA analysis.

2. <u>Provide an explanation and back-up documentation to support the value of wholesale communities' "capital costs and LTC" (\$15,415,913) included in the BSA's analysis.</u>

As outlined in the 1997 EPA FCA Guidelines, it was assumed that any capital costs projected over the 20-year study period by the wholesale communities would be rolled into a single bond issuance. The sum of the wholesale communities' projected annual debt service payments relative to the financing of their anticipated capital improvements reported in the September 2010 FCA Report was \$15.4 million (including \$446,000 in addition O&M). Based upon improved information/understandings received from the wholesale communities, the annual debt service payment for the wholesale communities and additional O&M is revised to \$19.5 million. A detailed explanation is provided below with associated supporting documentation in the appendices.

The capital improvement and LTCP costs associated with the wholesale communities were derived from various planning documents and discussions with representatives of each community. To the extent that

specific projects are planned for the next 5 or more years, such costs were included. However, for longer term planning (i.e., the 20-year capital costs of the wholesale communities), an asset-based approach was generally applied that assumed a 1 percent annual replacement of linear and aboveground assets. This approach was deemed most appropriate due to several factors, including:

- The difficulty in identifying specific projects beyond a 3 to 5-year planning period due to the nature of asset condition, changing regulations and normal operational wear and tear. For a 20-year planning period, the best approach is an asset-based replacement schedule projection.
- Each of the wholesale communities are themselves negotiating and/or working with the NYSDEC regarding their own SSO issues, and the extent of mitigation requirements and associated costs are not yet firmly determined.
- The age and condition of the wholesale communities' infrastructure is such that capital investment requirements will necessarily increase during the 20-year study period in order to maintain service levels. However, it is not possible to determine a precise schedule of specific projects at this time and, thus, an asset-based approach is appropriate.

Projections of the capital requirements for each wholesale participant are described below and summarized in Table B.

Town of Cheektowaga

Based on the Capital Improvement Plan (CIP) approved in 2009, the Town of Cheektowaga is expected to spend \$47.2 million over the next 17 years (see Appendix D). The CIP primarily consists of various sanitary sewer system improvements to eliminate SSOs based on a Consent Order with the New York State Department of Environmental Conservation (NYSDEC). Although there will be additional O&M costs related to these projects no additional O&M was included because most projects relate to below ground assets.

In addition, to project non-SSO related projects that will be completed during the 20-year study period, a 100-year replacement schedule for below-ground linear infrastructure was developed. Based on replacing 1 percent of linear assets each year for the next 20 years, the Town is expected to invest approximately \$42 million (see Appendix E). In total, it is projected the Town will spend \$89 million in Capital Improvements over the next 20 years.

Town of West Seneca

We understand that West Seneca is currently engaged in negotiations with the NYSDEC regarding SSO abatement requirements. The Town reported that a technical analysis was ongoing to determine the most appropriate means of addressing their SSOs. Based on preliminary findings of the SSO evaluation, it was estimated that the DEC will require the Town to replace or reline a significant percentage of the collection system over the next 20 years. For the purposes of estimating required capital investment during the next 20

CRA Memorandum

years, it was projected that the Town would be required to reline 50 percent of their collection system, and that a significant percentage would also be replaced. Thus, a 1- percent annual replacement of pipes not targeted for lining (10 percent replacement during the study period) was used to project the capital investment for the Town. In total, it was projected the Town would spend approximately \$3.3 million a year for a total of \$66 million over the next 20 years on relining and replacing the collection system (see Appendix E).

Erie County Sewer Districts No. 1 and No. 4

Similar to the other wholesale communities, Erie County is in early discussions with the DEC regarding SSO abatement in Districts No. 1 and No. 4. However, unlike the other wholesale communities, no projection for SSO compliance was included in the ECSD capital projections due to the preliminary nature of the ongoing discussion with DEC. While the cost of SSO abatement is unknown and not included at this time, it is anticipated by Erie County that the DEC will require significant investments in the collection system to abate SSOs. It is likely that such investments will be substantial <u>and would significantly increase the RI of the wholesale communities</u>. Thus, the BSA, along with the wholesale communities, have stated their reservation of the right to include these capital investment projections in the FCA analysis when they become available.

For purposes of projecting non-SSO related capital investment, Erie County provided a capital plan that identifies \$5.9 million of specific investment over the next 5 years (see Appendix F). Further, it was projected that Erie County would spend approximately \$3.2 million per year for a total of \$63.6 million for additional improvements to the collection system and aboveground facilities in Districts No. 1 and No. 4 based on a 100-year replacement schedule (see Appendix E). In total, it was projected the Districts would spend \$69.5 million over the next 20 years, exclusive of any SSO compliance costs.

When SSO compliance requirements are known, any additional capital dollars beyond the \$59.9 million projected in this analysis would result in an increase to Residential Indicator.

Community	Current CIP	Future Regulatory Costs	Future Non- Regulatory Costs	Totals
Cheektowaga	\$47,150	**	\$42,240	\$89,390
West Seneca	*	\$46,992	\$18,796	\$65,789
ECSD No. 1 & No. 4	\$5,900	**	\$63,555	\$69,455
Totals	\$53,050	\$46,992	\$124,591	\$224,634

Table B - Summary of Projected Wholesale Community Capital Investments (\$000)

*The Town of West Seneca is currently funding capital projects through the O&M budget and not via debt.

**Future regulatory capital costs are currently undefined for ECSD and Cheektowaga; however, they will likely be many millions of dollars.

In summary, the \$15,415,913 "capital costs and LTCP" included in the September 2010 Report was the annual financing and O&M cost associated with the projected wholesale community capital investment.

However, the updated annual debt service payment and O&M of \$19.5 million is based on the \$224,634 of revised projected capital investment as shown in Table B. Also included are the \$446,000 LTCP O&M and 1.25-percent issuance fee costs. Please note that the O&M for LTCP projects (\$446,000 – Table 5.4 in September FCA) was estimated at approximately 1 percent of Cheektowaga's LTCP costs. The ECSD LTCP costs were unknown, and West Seneca's LTCP projects are primarily belowground pipeline rehabilitations, therefore, no O&M costs were included.

3. <u>Provide back-up documentation and analysis supporting BSA's 75 percent residential factor.</u> According to <u>EPA's 1997 CSO Guidance, residential factor should be calculated as a percent of flow received from all residential users of the system, including those in wholesale areas. This value may include an allocation of Infiltration/Inflow if used in BSA's rate setting process.</u>

As indicated in the September FCA, the percentage of residential water consumption / usage was used to determine the residential factor in the BSA analysis. Under the "City Only" analysis, a factor of 72 percent was determined for residential usage within the City, based upon an analysis of actual consumption records. For the wholesale communities, a similar approach was used.

The Erie County Water Authority (ECWA) provides domestic water service to the wholesale communities within the BSA service area. The ECWA reported to CRA that it estimated residential usage in the service area at 80 percent or higher. A combined ratio of flow for the entire service area was then calculated based on a weighted average that resulted in a residential flow factor of 75 percent for the "City Plus Wholesale Communities" scenario, as shown in Table C.

Community	Residential Usage Percentage	Number of Households	Percentage of Households	Weighted Residential Usage
City of Buffalo	72%	108,387	60%	43%
Wholesale Communities	80%	70,382	40%	32%
		Total Weigh	ted Residential Flow	75%

Table C - Calculation of Residential Flow Factor – "City Plus Wholesale Communities"

4. <u>Provide the BSA's most recent rate study for sewer services.</u>

The BSA has not completed a rate study recently. The latest Rate Report completed by the BSA's rate consultant is included in Appendix G.

5. <u>Provide an explanation and back-up documentation to support the BSA's estimate of the number of households</u> in the service area including the wholesale users (178,769). Specifically, include back-up documentation to support the number of households served by the wholesale customers, and provide a breakout of the number of households served in each area/municipality within the wholesale service area.

For the BSA FCA study, demographic data was collected from various governmental sources, including the U.S. Census Bureau and the American Communities Survey ("ACS"). The last year of information available from the Census Bureau was for 2000, and the latest information from the ACS was for 2006 to 2008. The projections made in the FCA analysis relied on the latest year of information available for the service areas.

The number of households projected in the City of Buffalo for 2010 was 108,387. This number of households within the City limits was projected based on a 16- to 18-year historical trend, relying on the 1990 census, 2000 census, and the 2006-2008 ACS. Based on the past 16 to 18 years of data, the City has averaged a 1.20 percent annual decline in the number of households per year. Based on the last year of data from the 2006-2008 ACS, the number of households within the City limits was 111,045; this was then adjusted to 2010 projections based on 1.20 percent negative growth rate per year (see Appendix H).

A similar approach was used for the wholesale communities. However, the wholesale community BSA service area boundaries do not coincide with the municipal boundaries, as only portions of these municipalities are served by BSA. Therefore, information from each census tract within the entire BSA service area was collected (see Appendix I). The latest information available at the census tract level was the 2000 census and was used as the basis to projecting the 2010 total number of households. A historical trend was calculated based on 6 to 8 years of the wholesale community's household information from the 2000 census and 2006-2008 ACS. Based on the average annual rate of growth for each of the wholesale communities, the number of households reported in the 2000 census tracts within the BSA service area were adjusted to 2010 projections. The result of this effort was that the overall number of households within the wholesale communities was projected to have increased from 69,296 in 2000, to 70,381 in 2010.

The latest census and/or ACS information for the City of Buffalo and the wholesale communities are included in Appendix H. A summary of the 2000 Census tract data for each of the wholesale districts within the BSA service area and a map showing the service areas is included in Appendix I.

Finally, during review of the September 2010 Report in the preparation of this response, it was discovered that a typographic error on Page 2 of the document – in the form of omission of the word "not" in the first sentence of the second paragraph on the page - was made, thereby changing the meaning of the sentence. We have included as Appendix J a revised Page 2 reflecting the corrected sentence.

APPENDIX A

630718-MEMO-001

From: Hankey, Rachel (ENRD) [mailto:Rachel.Hankey@usdoj.gov] Sent: Thursday, February 03, 2011 3:50 PM To: Martorana, Charles C. Cc: Akers, Susan (ENRD); Jane Cameron; Teresa Mucha Subject:

Charlie,

I apologize for the delay in getting back to you. However, EPA and its consultants were reviewing the financial analysis so that we could get back to you regarding the requested changes in the consent decree. We wanted to resolve as much as possible, so that this process would be close to finalization. I am attaching a new draft consent decree (and a redline to the last draft on 9.14.10) which responds to many of the requests made in our previous discussions. EPA and the State have reviewed the financial analysis, and we have a few follow up questions regarding some of the information used in that analysis. I am attaching a list of questions in that regard. Please review and provide this information as soon as possible. The government parties have, on a contingent basis, accepted BSA's request for an LTCP end date of 2030, as indicated in the draft consent decree. However, this acceptance is conditioned upon the requested information being provided and supporting the data and conclusions made in the financial capability analysis.

At our last meeting we also discussed what was previously marked Appendix M, and there were some questions about which document was appendix M. In the new draft consent decree, Appendix M is now Appendix J. We have filled in some of the missing terms and edited to conform to the new Appendices, and this draft is also attached. There are some remaining items with regard to the appendices, and some have been changes in conformity with requests by BSA. These include:

APPENDIX A: Capital Projects: There remain three asterisked projects. In an email from BSA on 1/4/11, BSA indicated that it would provide an "updated list for those three projects" by the end of this week. BSA provided this input on 1/27/11 and should modify and resubmit the capital projects spreadsheet and narrative description. We want to ensure that BSA is in compliance with the consent decree at signing, and therefore request BSA make sure that all items on the list will be completed.

APPENDIX C: In an email dated 1/4/11, BSA provided input on the two remaining processes which EPA forwarded to DEC. DEC approved. The language in the cd for these processes has been deleted. We are still waiting on a list of the documents which make up the protocols to make up this appendix (To be clear, we are not asking that the documents and protocols be submitted, only for a list of the documents that make up the current protocols). Please call me ASAP if there are questions with regard to this appendix. My understanding is that DEC has tried to explain in the technical discussions, but if there are still issues, please call.

APPENDIX D: Signs: BSA has now submitted a list of approved sign locations.

APPENDIX E and APPENDX F: Now APPENDIX E, the Receiving Water Quality Sampling, Modeling, and Report. EPA (on behalf of EPA and DEC) formally sent an email which approves the WQ model for use in the updated LTCP Report. That email also requested the revision and resubmittal of WQ sampling data report for either approval or finalization for the record. BSA has submitted this.

APPENDIX G and APPENDIX H and APPENDIX I: Now APPENDIX F, the Combined Sewer System Model Validation Report.

APPENDIX J: now Appendix G, the Public Participation Plan.

APENDIX K: now Appendix, H, the Watershed Recreational Use Study are completed.

APPENDIX L: now appendix I, the Financial Capability Analysis, has been submitted. Plaintiffs are requesting additional information, data which was not included in the report. List of information requested attached. APPENDIX M: now appendix J, attached.

Based on the above, and our previous discussions, we are very close to finalizing the consent decree for signature. I know both parties are eager to see this process completed as quickly as possible. In order to facilitate moving forward quickly, it would be helpful to schedule a meeting as soon possible to resolve any remaining issues. Given the difficulty in scheduling among so many parties, I'd ask BSA to provide us with possible dates as soon as possible for a conference call or meeting, so that we can firm up a meeting date quickly.

Thanks Rachel Instructions: Please respond to the following questions regarding the Residential Indicator analysis in the Buffalo Sewer Authority (BSA) September 2010 Revised Financial Capability Assessment for the Draft Long Term Control Plan provided to EPA.

- 1. Provide a detailed explanation and back-up documentation to support the following values in BSA's residential indicator analysis related to wholesale clients' current costs: wholesale clients' total operations and maintenance costs (\$40,507,084), wholesale revenues received by BSA (\$12,046,101), and current debt service of wholesale communities (\$2,512,897).
- 2. Provide an explanation and back-up documentation to support the value of wholesale communities' "capital costs and LTCP" (\$15,415,913) included in the BSA's analysis.
- 3. Provide back-up documentation and analysis supporting BSA's 75 percent residential factor. According to EPA's 1997 CSO Guidance, residential factor should be calculated as a percent of flow received from all residential users of the system, including those in wholesale areas. This value may include an allocation of Infiltration/Inflow if used in BSA's rate setting process.
- 4. Provide the BSA's most recent rate study for sewer services.
- 5. Provide an explanation and back-up documentation to support the BSA's estimate of the number of households in the service area including the wholesale users (178,769). Specifically, include back-up documentation to support the number of households served by the wholesale customers, and provide a break out of the number of households served in each area/municipality within the wholesale service area.

APPENDIX B

630718-MEMO-001

TOWN OF CHEEKTOWAGA, NEW YORK 2010 BUDGET SEWER FUND

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Account Code	Description	2006	2007	2008	2009	2010	2009
SEWER	DISTRICT NO. 1 (S8121)		·				
1001.	Real Property Taxes: Real property taxes Total real property taxes	\$ 10,011 10,011	\$ 10,216 10,216	\$ 10,378 10,378	\$ 10,539 \$ 10,539	10,539 10,539	0.00% 0.00%
.2401	Use of Money and Property Interest earnings Total use of money and property	878 878	603 603	1,261	<u>150</u>	150 150	0.00%
	Total.Sewer District #1	\$ 10,889	\$ 10,819	\$ 11,639	\$ 10,689 \$	10,689	0.00%
CONSO	LIDATED SANTIARY SEWER DISTRU	CT (S8130)					
.1001	Real Property Taxes: Real property taxes	\$ 9,823,983 9,823,983	\$ 10,088,189 10,088,189	\$ 10,193,913 10,193,913	\$10,411,445 \$10 10,411,445 10	0,547,671 0,547,671	1.31% 1.31%

1.31%	12.50% n/a 5,00% 12.43% (continued)
10,547,671	450,000 - 4,200 454,200
<u>\$10,411,445</u> 10,411,445	400,000 4,000 404,000
<u>\$ 10,193,913</u> 10,193,913	616,676 600 3,850 621,126
\$ 10,088,189 10,088,189	486,671 2,190 3,700 492,561
\$ 9,823,983 9,823,983	469,162 456 3,500 473,118
Real property taxes Total real property taxes	Departmental Income: Contract users Sewer service charges Rent & maintenance charges Total departmental income
.1001	.2120 .2122 .2180

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Change	From	2009	-13.51% -13.51%	11/a 11/a	n/a n/a	n/a -38,46% -38,46%	1,42%	0.00% 0.00%	1.38%
	Budget	2010	160,000 160,000	s , , , , ,	Γ	- 8,000 8,000	11,169,871	300,000	\$11,480,560
etail (concluded)	Adopted	2009	185,000 185,000	1 E F	L F	, 13,000 13,000	11,013,445	300,000 300,000	\$11,324,134
Fund Revenue D		2008	214,790 214,790	37,799 797 38,596	¢ 1	569 8,354 8,923	11,077,348		\$ 11,088,987
Budget - Sewer I	ctual Revenues	2007	304,433 304,433	4,388 12,500 16,888	13,768 13,768	23,692 9,113 32,805	10,948,644	K r	\$ 10,959,463
ew York - 20101	v	- 2006	297,452 297,452	2,163	13,290	39,869 14,815 54 ₅ 684	10,664,690	T Z	\$ 10,675,579
Town of Cheektowaga, N		Description	Use of Money and Property: Interest carbings Total use of money and property	Miscellaneous: Refund of prior year expense Other unclassified revenues Total miscellaneous	State Aid: State emergency aid Total state aid	Federal Ald: Federal emergency aid Retiree prescription subsidy Total federal aid	Total Consolidated Sewer Revenues	Appropriated fund balance: Appropriated fund balance Total appropriated fund balance	Total sewer revenues and appropriated fund balance
	A second	Code	.2401	.2701		4590		.2799	

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						Change
	Act	nal Expenditur	es	Adopted I	Budget	From
Account Code Description	2006	2007	2008	2009	2010	6007
HOME AND COMMUNITY SERVICES Sautary Sewer District No. 1 Consolidated Sanitary Sewer District Main Pump Total Home and Comm. Services	\$ 9,445 4,516,998 3,954,443 8,480,886	\$ 9,347 4,316,000 4,026,563 8,351,910	\$ 9,240 4,157,344 4,221,895 8,388,479	\$ 10,689 5 4,600,643 4,537,174 9,148,506	<pre>\$ 10,689 4,503,566 4,550,855 9,065,110</pre>	0.00% -2.11% 0.30% -0.91%
EMPLOYEE BENEFITS	981,026	879,532	936,227	1,185,628	1,421,450	19.89%
TOTAL EXPENDITURES	9,461,912	9,231,442	9,324,706	10,334,134	10,486,560	1.47%
OTHER FINANCING USES Interfund transfers	572,562	541,028	523,384	000'066	994,000	0.40%
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 10,034,474	\$ 9,772,470	\$ 9,848,090	\$ 11,324,134	\$ 11,480,560	1.38%

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TOWN OF CHEEKTOWAGA SEWER FUND

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S8121		Clange From 9 2010 2009	6,500 \$ 6,301 -3.06% 4,000 4,200 5.00% 10,500 10,501 0.01%	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
	in this district.	200	8 2 2 8	21 21 28 28 28 28 28
	residents with	2008	1 \$ 5,21 1 <u>3,85</u> 1 9,06	
	of sewage for	2007	\$ 5,48 3,700 9,18	10.2
H	and treatment	2006	\$ 5,784 3,500 9,284	20 101 7 33 161
CFUND SANITARY SEWER DISTRICT NO.	Robert Latshaw Provides for the collection, transmission,	Description	Contractual Expenses: Buffalo Sewer Authority Rent & Maintenance (SD#5) Total contractual expenses	Cost Allocations: Tax Receiver Allocation Tax Assessor Allocation Payroll Tax Allocation Fringe Benefit Allocation. Total cost allocations
SEWER DEPT:	HEAD: DUTIES:	Account	.4355	5908 59092 5925

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TOWN OF CHEEKTOWAGA

S8125			Change Trom
	R DEPARTMENT	a for the collection, transmission, and treatment of sewage for residents within this district.	
SEWER FUI	DEPT: SEWI	HEAD; Rober	

итош 2009	0.18% -5.35% 0.00% 0.00% 0.00% 0.00% 0.00%	0.00% 0.00% 0.00% 0.00%	-34.2.1% -9.09% 0.00% 0.00% (continued)
2010	 \$ 1,101,087 \$ 1,14,520 \$ 45,980 \$ 6,000 \$ 5,000 \$ 35,000 \$ 7,657 \$ 1,200 \$ 1,321,874 	50,000 6,500 30,000 86,500	2,500 30,000 4,000 1,000
2009	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	50,000 6,500 30,000 86,500	3,800 33,000 4,000 1,000
2008	$\begin{array}{c} \$ 1,066,349 \\ 127,122 \\ 46,165 \\ 5,821 \\ 830 \\ 8,195 \\ 8,195 \\ 8,195 \\ 29,694 \\ 7,274 \\ 1,200 \\ 1,292,650 \end{array}$	83,017 324 * 83,341	2,201 27,818 3,722 14
2007	$\begin{array}{c} 1,026,786\\ 93,208\\ 45,320\\ 5,385\\ 730\\ 6,860\\ 6,860\\ 29,336\\ 7,194\\ 1,200\\ 1,216,019\end{array}$	25,208 5,651 375,142 406,001	1,113 33,437 3,648 674
2006	\$ 990,660 136,894 48,230 4,535 360 7,539 32,057 6,477 1,100 1,100	37,170 6,709 31,693 75,572	2,367 28,800 3,481 30
Description	Personal Services: Regular Payroll Overtime Payroll Longevity Shift Differential Clothing Allowance Sick Sellback Seasonal Regular Part Time Regular Other Pay Total personal services	Equipment: Sewer Miantenance Equipment Office Equipment Over the Road Vehicles Total equipment	Contractual Expense: Office Supplies Maintenance Supplies Clothing Replacement Training and Seminars
Account	1901 1912 1914 1917 1917 1917 1932 1932 1951	.2500 .2505 .2550	4001 4021 4071 4087

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Change From	2009	-16.67%	-25.00%	-16.67%	-20.00%	%00~6	-12.50%	0.00%	0.00%	0.00%	0.00%	0.00%	-16.67%	0.00%	0.00%	0.00%	n/a	-7.73%		-2.56%	-0.83%	2000 1	0/9/T		-8.00%	0/92.5	-4.44%	0,00%	-1.77%	-7.30%	8.5% 2002 c	0,68%	(continued)
	2010	5,000	45,000	100,000	800	21,800	700,000	35,000	150,000	40,000	43,450	400,000	25,000	1,500	100,000	102000	•	1.715.050	~~~~	787.50	40 00V		20,129	49,623	3,996	400,722	. 97,318	16,688	91,570	14,720	90,379	75,967	
	2009	6,000	60,000	120,000	1.000	20.000	800,000	35.000	150,000	40,000	43,450	400,000	30,000	1,500	100,000	10,000	1	1 258 750	or inrait	707 PC	1016H4 1016	140,00	27,598	46,160	4,375	385,741	101,835	16,688	93,223	15,880	83,387	75,455	
	2008	5,131	52,901	72.353	551	0.214	587 509	37,879	118.742	37.697	4.1.250	422.855	10,000		90.660	9,180	1	1 691 697	170,470,1	673 LO	CHC(17	67,904	25,642	44,005	3,678	376,177	104,127	16,405	91,023	15,880	81,467	75,040	
verros - jagning (2007	2.781	30 135	73,057	2022	725 5		317 50	176 657	23 835	41 000	470 997	8.197	780	42,190	9.527	967		1,430,460		4.2,841	63,140	22,345	54,500	4,476	317,950	104,127	16,158	81,292	15,880	81,467	73,145	
NEW Y DEC - MEN	2006	3 680	38,300	10.00	TTAAA		143/34	121,000	107 455	508V3		206 904	8 150		- - -	0 484	3.138	0.0.0.0	1,640,042		41,175	61,823	24,679	52,360	3,468	309,449	213,215	15,836	78.496	15,840	227,655	71,044	
Town of Cheektowaga,	Description		Chemicals	Gas, Oil, and Urease		RR Property Rentals	Erie County Chargebacks	Erie County Sewer Districted	Equipment Repairs	Sewer Kepairs	Building Kepaus	Accounting and Autumug	Contracted Sewer Inspan	leiemeuy	Photographic Mapping	Consulting Engineers	Dunano Sewei Charges Durannar Corta	ETHERBOTICS COMPANY	Total contractual expenses	Cost Allocations:	Computer Allocation	Supervisor Allocation	Personnel Allocation	Law Allocation	Central Records Allocation	Engineering Allocation	Central Garage Allocation	Tay Reneiver Allocation	Tay Assessor Allocation	Ruildine Maintenance Allocation	Building Inspection Allocation	Finance Allocation	
	Årromnt		.4141	.4163	,4217	.4351	.4352	,4353	,4431	438	.4453	4505	4543 777	C4C4.	4550	.4581	4/02	0.4711			.5900	5901	5902	5003	2004	5005	2002	5008	0002	1103	11/2	2165	

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York - 2010 Budget - Consolidated Sewer District (continued) Net ال المقادلين

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Change From	2009	1,41% 8.39% 6.63% 13.97% 3.25% -2.11%
0	2010	58,594 6,914 319,094 37,652 1,380,142 \$ 4,503,566
District (concluded	2009	57,779 6,379 6,379 299,244 <u>33,038</u> <u>1,336,730</u> \$ 4,600,643
solidated Sewer I	2008	56,924 6,232 6,232 238,561 26,118 1,256,726 \$ 4,157,344
0 Budget - Cont	2007	62,881 6,232 285,968 26,118 1,258,520 \$ 4,316,000
New York - 201(2006	64,649 17,416 296,543 79,884 1,573,532 \$ 4,516,998
Town of Cheektowaga,	Description	Allocated FICA Building FICA Allocation Benefits Allocation Building Benefits Allocation Total cost allocations Total Sewer Department
	Account	5992 5993 5995 5996

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COACE	CCTOC			Change From	2009	1,06% -28 27%	5.54%	0.00%	0.00%	0,000/	20000	e∕-∩0.⁄0	BUI .	-1.88%	0.00% 0.00%	n/a.	0, UU V	0.00%	-13.5%	0.00%	(continued)
					2010	\$ 615,560 100 000	13,345	24,000	470	3,200	15,0U0	9,880	T	801,455	7,000 50,000		21/100	1,500	13,000	3,000 2,400	
					2009	609,088	12,645	24,000	470	3,200	25,807	9,880	ı ı	816,774	7,000 50,000	1	27,000	1,500	15,000	3,000 2,400	
					2008	573,043 \$	12.525	24,052	470	3,114	11,023	10,008	I I	762,067	5,770 34,552	3	40,322	1,176	10,432	2,298 1 418) 1 -
					2007	581,380 \$	124,695 11 705	24,642	235	3,031	11,014	9,902	1,200	767,804	3,819 53,954	1	57,773	956	11,188	2,337	100.61
			ga mam pump		2006	522,443 \$	130,647	22,688	235	2,950	10,301	0126	1,200	711,754	6,840 52,883	19,896	79,619	978	12,717	2,398	der fir hade
R FUND	MAIN PUMP	Jon Nichy	Provides for the operation of the Cheektowa		Description	Personal Services: Regular Payroll	Overtime Payroll	Longevity Shift Differential	Clothing Allowance	Sick Sellback	Seasonal Regular	PT Regular	Other Pav	Total personal services	Equipment: Sewer Miantenance Equipment Buildine Improvements	Over the Road Vehicles	Total equipment	Contractual Expense: Office Sumilies	Maintenance Supplies	Janitorial	Clothing Replacement
SEWEI	DEPT:	HEAD:	DUTES		Account	1061.	.1902	1191.	1917	.1932	.1951	171.	1990	2 t 4	.2500	.2550		4001	.4021	4022	.4071

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Change From	2009	0.00% -47,37% -50.00% 0.00% 1.52% 0.00% 0.00% 0.00% 0.00% 0.79%	0.30%
	2010	1,000 5,000 2,500 6,500 3,350,000 3,350,000 3,500 12,000 12,000 3,500 3,500 3,500 12,000	\$ 4,550,855
(compromo)	. 2009	$\begin{array}{c} 1,000\\ 9,500\\ 5,000\\ 5,000\\ 6,500\\ 3,300,000\\ 3,500\\ 12,000\\ 24,000\\ 24,000\\ 24,000\\ 24,000\end{array}$	\$ 4,537,174
r - Main Fuur	2008	46 2,759. 1,620 211,871 3,131,888 3,131,888 3,514 2,172 11,812 3,510 3,419,506	\$ 4,221,895
ik - 2010 Budge	2007	798 4,965 1,881 1,890 1,990 172,978 2,172 8,762 8,762 8,142 8,142	\$ 4,026,563
ttowaga, New Yoi	2006	657 8,226 2,534 3,801 185,021 2,859,340 48,502 2,022 9,977 9,977 9,977 9,078	\$ 3,954,443
Town of Cheel	Description	Travel & Conferences Chemicals Gas, Oil, Grease-Mobile Cellular/Two Way Pihones Utilities Buffalo Sewer Authority Equipment Repair Elevator Service Lab Testing Contracted Technical Services Emergency Costs Total contractual services	Total Main Pump
	Å adottyt	4087 4087 4142 4142 4164 4217 4203 4217 4217 4217 431 454 4541 4541 4541 4541 4541 4911	

yn of Cheektowaga, New York - 2010 Budget - Main Pump (concluded)

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TOWN OF CHEEKTOWAGA

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SEWER FUND

DET :	EMPLOYEE BENEFITS						
HEAD:	· Brian M. Krause				4 4 H	dens arrest to a	louasi of hu
DUTTES:	Provides for the costs of employee be	nefits as required	by contract wi	th the various	Jer natury subtract	тезел томп спр	Toyota ut ut
	Town Board rules and regulations.						
					·		From
Account	Description	2006	2007	2008	2009	2010	2009
	Consolidated Sewer District:					\$ 164 760	70 V V V V
8 101	Retirement	\$ 133,892	\$ 111,129	\$ 96,206	nnn"TTT t		
1010	Control Constitut	99.395	99,489	99,012	109,000	109,000	0.00%
1770		120 005	197,918	225 742	275,700	335,920	21.84%
.8141	Medical Insurance	1004 CT	000 621	227 723	255,504	297.680	16.51%
.8143	Retree's Medical Insurance	1+60°C 1	7-CC'C/T			2 200	200 E-
.8151	Group Life Insurance	3,088	3,020	01642	טבכיב	0.0.75	
0010	Dottomont Treatitie	12.200	12.200	1	3	L	
0418.	CATHRONIT THREE AND A				000	114,000	20.009
.8975	Refirement Buyback	117,489	29,095	ı	000°0%		
	Main Pump:					050 JC	023 81
21012	Ratiroment	72.619	63,246	63,000	04,000	01-26	
1010		77 775	54,854	63,054	63,000	64,000	1.59%
1710.			84 004	115,000	132.124	150,750	14.109
.8141	Medical Institutice			000 02	60.000	70.000	16.67%
.8143	Retiree's Medical Insurance	49,887	41,400	000°0/			2 550/
0151	นี้นอาหาไปที่ความรากกล	1.663	1,595	1,970	0/ Y.I	nnert	
	Didup Directory Directory	610.1	, 1	15,000	15,000	15,000	0.00%
C140.		00100	4 270 527	\$ 936.227	\$ 1.185.628	\$ 1,421,450	19.899
	Total employee benetits	07/10A	ALL'(210 0				

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TOWN OF CHEEKTOWAGA

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SEWER FUND

Change From 2009 2010DUTUES: Provides for transfers to other funds for payment of debt, contributions to reserves and support of capital projects. 200920082007 2006 INTERFUND TRANSFERS Brian M. Krause Description Account DEPT:

0.00% -2.59% -9.09% 0.00% 0.40%226,000 (100,000) (100,000) 994,000 (جي. 540,000 232,000 (110,000) 328,000 990,000 ക്ര| (130,000) 328,000 523,384 271,246 54,138 e 67,996 (130,000) 337,000 541,028 266,032 ⇔ 268,310 116,752 (150,000) 337,500 572,562 çą. Less: Debt Reserve Allocation Debt Service - Bond Principal Debt Service - Bond Interest Transfer to Risk Retention Total interfund transfers Interfund Transfers .9582 .9703 9201 9101

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TOWN OF CHEEKTOWAGA SEWER FUND

		Change From 2010 2009	37 \$2,123,329 -0.57% 00 143,500 0.00% 50 5,417,951 -2.07% 19 1,380,330 3.25% 19 1,380,330 3.25% 28 1,421,450 19.89% 00 994,000 0.40% 13 11,480,560 1.38%
		2009	\$ 2,135,4 143,51 5,532,65 1,135,69 1,185,6 990,00
	ns,	2008	\$ 2,054,717 123,663 4,953,195 1,256,904 936,227 523,384 \$ 9,848,090
	nd appropriatio	2007	<pre>\$ 1,983,823 463,774 4,645,627 1,258,686 879,532 541,028 \$ 9,772,470</pre>
	m, the total expenditures a	2006	<pre>\$ 1,939,606 \$ 155,191 4,812,396 1,573,693 981,026 572,562 \$ \$10,034,474</pre>
FUND TOTALS	N/A To summarize, by classificatio	Description	Classifications: Personal services Equipment Contractual expenses Cost allocations Employee benefits Interfund transfers Total
DEPT:	HEAD: DUTIES:	Account	.1000 .2000 .4000 .5000 .9000

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		NET LEVÝ		
Sewer Service Department				
Personal Services	00 0100 0115	195 000		
Lift Station Maintenance Crew	03.8100.0112	100,000		
Sanitary Sewer Maintenance	A2 9100 01/2	218 000		
Crew (Including Overume)	03.0100.0145	210,000		
Sewer Crew - Engineering	03 8100 0144	66 000		
(Including Overtime)	05,00000197 05,00001970	12,000	482.000	
Part-Time Laborers	05,8100.0149	12,000	102,000	
Equipment	00 0100 1004	20.000		
Minor Equipment	03.8100.1204	20,000	100 000	
Other Equipment	03.8100.1207	30,000	100,000	
Contractual Expenses		F 050		
Supplies	03.8100.0400	5,000		
Gasoline	03.8100.0416	19,000		
Utilities	03,8100,0420	14 <u>5</u> 000		
Equipment Vehicle Maintenance	03.8100.0443	22,000		
Program Maintenance	03.8100.0445	0,000		
Maintenance	03.8100.0446	1,000		
Professional Services - Auditing	03.8100.0451	21,707		
Chemicals	01,8100,1450	2,000		•
Taps and Saddle	05.8100.1451	2,000		
Smoke Bombs, Dye, Etc.	03.8100.1432	70,000		
Trunk Line - Material and Equipment	03.8100.1455	13 500		
Hile Co. Water Authority Charge	03.0100.1450	40.800	170.260	
GIS	03.8100.1459	40,000	170,207	
Employee Benefits		<i>CC</i> 100		
State Retirement	03.8100.0801	56,400		
Social Security	03.8100.0802	29,084		
Workmen's Compensation Insurance	03.8100.0803	10,700		
Health and Welfare	03.8100.0804	4,322		
Medicare	03.8100.0808	0,989		
Unemployment Insurance	03.8100.0815	000 to 116		
Hospital and Medical Insurance	U3.8100.0817	144,110		
Hospital and Medical Ins Retirees	03.8100.0817	34,101 COC	<u> </u>	1 008 070
Work Boot Allowance	03.8100.0820	525	210,105	1,040,774
Less: Revenue - Inter District Charge				(1,028,972)

	Code Administrative			NET
	Object			Litti V X
District No. 1 - Seneca Street				
Contractual Expenses				
Major Repairs	03.8101.1441	5,000		
Legal and Professional Services	03,8101,1450	1,412		
Remedial Program	03,8101,1454	300		
Erie County Chargeback	03.8101.1464	~		
Buffalo Sewer Authority				
Service Charge	03.8101.1486	62,000		
Allocation of General Fund				
Costs to Benefiting District	03.8101.0511	71,702		
Allocation of Highway Fund				
Costs to Benefiting District	03.8101.0512	38,187		
Sewer Denartment Allocation	03.8101.0597	31,452	210,053	
Less: Estimated Unexpended Balance			12,000	198,053
District No. 2 - Delray, Thorndale and Tind	le			
Contractual Expenses	_			•
Major Repairs	03.8102.1441	2,000		
Legal and Professional Services	03.8102.1450	1,412		
Remedial Program	03.8102.1454	200		
Erie County Chargeback	03.8102.1464	-		
Buffalo Sewer Authority				
Santo Charge	03.8102.1486	25,000		
A Horstion of General Fund				
Costs to Benefiting District	03.8102.0511	22,800		
Allocation of Highway Fund				
Costs to Benefiting District	03.8102.0512	14,187		
Souter Department Allocation	03.8102.0597	12,118	77,717	
Less-Reifmated Unexpended Balance	•		4,000	73,717
District No. 2., Edson Street				
Contractual Eviceuses				
Maion Danoire	03.8103.1441	2,000		
Togel and Professional Services	03.8103.1450	1,412		
Legar find Protestional Dor Acou	03.8103.1454	200		
Remember 1 ogram				
Bunglo Dowor Augusty	03.8103.1486	14,000		
Allocation of General Fund		•		
Allocation of General 1 and	03.8103.0511	8,204		
Allowation of Hickway Fluid		•		
Allocation of themas range	03.8103.0512	2,742		
COSIS to Depending Discuss	03 8103 0597	2.175	30.733	
Sewer Department Antocation	لا الرب ليارو الراق ل مي والراق		9 500	28 233
Less Estimated Inexnended Balance			2,000	ل ال ال ال ول الله

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		NET LEVY		
District No. 4 - Oschawa, Duerstein and				
Indian Church Road				
Contractual Expenses	03 8104 1441	3.000		
Major Repairs	03 8104 1450	1.412		
Legal and Professional Bervices	03.8104.1454	600		
Remedial Program	001010411-004	040		
Buffalo Sewer Authority	02 9104 1486	20.000		
Service Charge	00.0104.1400	20,000		
Rent Payable to Sewer District	02 0104 1407	99 129		
No. 6	02.0104.1407	2.2.3 1-7.2		
Allocation of General Fund	02 2104 0511	17.400		
Costs to Benefiting District	03.8104.0011	14,400		
Allocation of Highway Fund	A2 9104 0512	7 001		
Costs to Benefiting District	03.8104.0512	7,071	76 511	
Sewer Department Allocation	03.8104.0597		70,011	
Less: Estimated Unexpended Balance			8,000	68,51
<u>District No. 5</u> <u>Contractual Expenses</u>	03 8105 1441	12.000		
Major Repairs	03 8105 1450	2.921		
Legal and Protessional pervices	03 8105 1454	200		
Remedial Program	02 8105 1464			
Erie County Chargebacks	03.0103.1404			
Rent Payable to Sewer	03 8105 1488	295 200		
District No. 13	00-070J'T-00	ی ی یونی دی		
Allocation of General Fund	03 8105 0511	66.056		
Costs to Benefiting Listic	00.0100.0011	00,000		
Allocation of Highway Fund	03 8105 0512	49,699		
Costs to Benefiting District	03.0105.0512	14 000		
Operation of Lift Station	02.8105.0518	250		
Rental Payments For RR Easements	03.0102.0210	40.506	/ <u>\$0</u> 977	
Sewer Department Allocation	03.8105.0597	40,590	******	
Plant No. 5				
Contractual Expenses		20.000		
Operation of Plant	03.8105.0513	20,000		
Sewer Department Allocation	03.8105.0597	58,070	78,070	
T			558,992	

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	Code Administrative			NET LEVY
	Object			<u></u>
Τ.#\$\$*			•	
Revenue from Charge to Covington and Slade Extension	03.2105.0055	313,757		
Payment from Sewer District	03.2105.0013	38,108	351,865	
140. 15			207,127	
Less: Estimated Unexpended Balance			(6,000)	213,127
Sewer District No. 5 - Covington				
and Slade Extension				
Contractual Expenses				
Rent Payable to Sewer	03 8155 1486	313.757		
District No. 5	03.8155.1454	200		
Kemenai riogram Eria County Charebacks	03.8155.1464			
Allocation of General Fund				
Cosis to Benefiting District	03.8155.0511	44,428		
Allocation of Highway Fund		01 732	453 008	
Costs to Benefiting District	03,8155,0512	94,715		440.000
Less: Estimated Unexpended Balance	1		5,000	440,090
District No. 6				
Contractual Expenses	03 8106 1441	12,000		
Major Repairs	03.8106.1450	4,569		
Legal and Protessional Services	03.8106.1454	200		
Frie County Chargeback	03.8106.1464	-		
Allocation of General Fund				
Costs to Benefiting District	03.8105.0511	138,717		
Allocation of Highway Fund	02 0106 0512	132 664		
Costs to Benefiting District	03.8106.0513	60.000		
Operation of References racially	03.8106.0519	400		
Rental Payments of AR Basemond	03.8106.0597	107,905		
Rent Payable to E.C.S.D. #4	03.8106.0599	580,000	1,036,455	
Less:				
Revanues from Charges to:	ለቱ ታተደሩ ሳይኮለ	22 149		
Sewer District No. 4	03,2100,0004 63,2106,0007	101.902		
Sewer District No. 7 Sewer District No. 8	03.2106.0008	228,132		

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	Code Administrative <u>Ohject</u>			NET <u>LEVY</u>
Sewer District No. 11 Erie County Sewer District No. 1	03.2106.0011 03.2106.0012	11,624 90,585	454 <u>,392</u> 582,063	
Less: Estimated Unexpended Balance			75,000	507,063
District No. 7 - Barnsdale and Knox				
Contractual Expenses	03.8107.1441	2,000		
Major Repairs	03.8107.1450	1,412		٠
Demedial Program	03,8107.1454	200		
Rent Payable to Sewer District No. 6	03.8107.1487	101,902		
Costs to Benefiting District	03.8107.0511	26,103		
Costs to Benefiting District	03.8107.0512	19,305		
Server Department Allocation	03,8107.0597	16,321	167,243	
Less Estimated Unexpended Balance			9,000	158,243
District No. 8 - Seneca Street and Kelsev to Railroad Contractual Expenses				
Major Repairs	03.8108.1441	2,000		
Legal and Professional Services	03.8108.1450	1,412		
Remedial Program	03.8108.1454	200		
Erie County Chargebacks Rent Payable to Sewer District	03.8108.1464	2,119		•
No. 6	03.8108.1487	228,132		
Costs to Benefiting District	03.8108.0511	130,087		
Allocation of Highway Fund	03.8108.0512	78,366		
Costs to Beneritment Allocation	03.8108.0597	58,009	500,385	
Sewer Department Anovation	-		8_000	492,385
Loss: Estimated Unexpended materice				
District No. 9 - Burch Avenue				
Contractual Expenses	03.8109.1441	2,000		
Major Repairs	03.8109.1450	1,412		
Legal and Fromework Berrious	03.8109.1454	300		
Roman rozan Roffalo Sewer Anthority				
Service Charge	03.8109.1486	28,000		

TOWN OF WEST SENECA, NEW YORK

Special Districts - Sanitary Sewer - Adopted Budget 2010

	Code Administrative <u>Object</u>			NET LEVY
Allocation of General Fund				
Costs to Benefiting District	03.8109.0511	12,039		
Allocation of Highway Fund		1 200		
Costs to Benefiting District	03.8109.0512	4,729	50 5 Å 6	
Sewer Department Allocation	03.8109.0597	3,865	5Z,343	
Less: Estimated Unexpended Balance		f	8,000	44,345
District No. 10 - Wildwood Avenue				
Contractual Expenses	00 0110 1441	7.000		
Major Repairs	03,8110,1441	1 412		
Legal and Professional Services	03,8110,1450	200		
Remedial Program	03.0110.1454	200 .		
Erie County Chargebacks	03.0110.1404	-		
Buffalo Sewer Authority	02 2110 1426	8.800		
Service Charge	03.0110.1400	0,000		
Allocation of General Puno	03 8110 0511	10 867		
Costs to Benefiting District	00.0110.0041	rojoon		
Allocation of Filghway Fund	63 8110 0512	4,779		
Costs to Benefiting Distiller	03 8110 0597	5.584	33,642	
Sewer Department Allocation	00.0110.0007		000	24-642
Less: Estimated Unexpended Balance				
District No. 11 - Doris Avenue				
Contractual Expenses	20 0111 1/41	<u>a 900</u>		
Major Repairs	03.8111.1441	2,000		-
Legal and Professional Services	03.8111.1430	700		
Remedial Program	03.0111.1434	2.00		
Rent Payable to Sewer District	02 9111 1/87	11 624		
No. 6	01.0111.1447	7770-71		-
Allocation of General Fund	03 8111.0511	2.557		
Costs to Benginning Pristice	00.011,00011	-4		
Allocation of Fughway Fond	03 8111.0512	2,302		
Costs to Benefitting District	03 8111 0597	1,901	21.996	
Sewer Department Antication	01.0111.0091		2,000	18 006
Less: Estimated Unexpended Balance				10,000
District No. 12 - Fisher Courts				
Contractual Expenses				
Maintenance	03 8110 14/1	10.000		
Major Repairs	03 8112 1450	2,787		
Legal and Professional Service	03 8112 1454	500		
Kemediai Program	V0.0112.1707			

TOWN OF	WEST	SENECA,	NEW	YORK
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Special Districts - Sanitary Sewer - Adopted Budget 2010

	Code			
	Administrative			NET
	Object			LEVY
	<u></u>			
Allocation of General Fund				
Cost to Repetiting District	03.8112.0511	13,350		
Allassion of Highway Fund		·		
Costs to Ponefiting District	03.8112.0512	14.312		
Costs to Detterting District	03 8112.0515	5.000		
Operation of Lan Station	02 8112 0407	12.050		
Sewer Department Autocation	03.0112.0021	<u></u>		
		39,499		
Sewer Rental				
Payable to Erie County Joint		T C 000	101 400	
Sewer District No. 3	03.8112.1491	72,000	151,499	
Less: Allocation from Sewer District				
No. 12 I	03.2112.0122		48,000	
Loog Hetimated Inexneyded Balance			10,000	73,499
Pess. Estimated photopolicity busines				
Bast I. Laskowenna				
Contratual Expenses				
Maintenance of Trunk Lines				
Maine Panaire	03.8123.1441	2,000		
L oral and Professional Services	03.8123.1450	1,412		
Demodial Program	03.8123.1454	200		
Allowing of General Fund				
Allocator of Conoral Petro	03.8123.0511	51.140		
All and an af Highwart Fund	00101200100	,		
Allocation Of Alguway 1 and	03 8123 0512	44,601		
Costs to Benefitting District		•••]•==		
Allocation of Charges to bewer	03 8123 0521	48,000		
District ind, 12	02.0122.05021	36355		
Sewer Department Allocation	02.0122.0327	102 702		
		183,708		
Sewer Rental				
Payable to Erie County Joint			505 <u>509</u>	
Sewer District No. 6	03.8123.1487	22,000	205,708	
Less Estimated Unexpended Balance			38,000	167,708
Nietriet No. 13				
Contractual Expenses				
Major Repairs	03.8113.1441	500,000		
Legal and Professional Services	03.8113.1450	10,243		
Remedial Program	03.8113.1454	200		
Erie Courty Chargebacks	03.8113.1464	1,360		
Allocation of General Fund		·		
Costs to Benefiting District	03.8113.0511	782,655		
A REAL OF THE ATTACK AND A REAL AND A			•	

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	Code Administrative Object		•	NET LEVY
Allocation of Highway Fund Costs to Benefiting District Operation of Lift Plants Rental Payments to Railroads Payment to Sewer District No. 5 for Debt	03.8113.0512 03.8113.0515 03.8113.0518	1,070,899 21,000 500		
to Brie County Sewer District No. 3	03.8113.0508	18,590		
Operation of Disposal Plant Sewet Department Allocation Union Koad Litt Station	03.8113.0520 03.8113.0597 03.8113.0597	19,518 609,781 ၁,000		
			3,039,746	
Sewer Rental Buffalo Sewer Authority Service Charge	03.8113.1486	1,800,000		
Sewer District No. 5	03.2113.0005	295,200		
District No.3	03.2113.0003	130,000	<u>1,374,800</u> 4,414,546	
Transfer to Debt Service Bond Principal	03.8113.0910	16,739		
Bond Interest	03,8113.0911	9,452	26,191	
T and powering from charges for				
West Seneca SD#14	03.2113.0014	62,724		
West Seneca EWAL District	03.2113.0200	811,789		
Elma Sewer District No. 2	03.2313.0002	4,949		
Ochard Park SD No. 16	03.2313.0016	19,487		
Ochard Park SD No. 17	03.2313.0017	11,362		
Erie County SD No. 3, for use		E 000	015 313	
of Facilities of SD No. 5	03.2113.0018	5,000	913,311	
			3,525,426	0 000 400
Less: Estimated Unexpended Balance				3,525,426
District No. 14 - Westgate Subdivision				
Contractual Expenses	14A1 172 2314 14A1	2,000		
Major Repairs	02 0114 1450	398		
Legal and Protessional Services	03.0114.1490	420		
Rent Payable to Sewer District No. 13 Allocation of General Fund	03.8114.1488	62,724		

	Code Administrative <u>Obiect</u>			NET <u>LEVY</u>
Costs to Benefiting District	03.8114.0511	17,153		
Allocation of Highway Fund	02 211/ 0512	19.518		
Costs to Benefiting District	03.0114.0507	14,955	117.248	
Sewer Department Allocation	03.0114.0007			
Less: Revenue from Charge to Orchard			0.648	
Park Sewer District No. 14	03.2314.0014		2,040	117 600
Less: Estimated Unexpended Balance			(3,000)	11,000
District No. 15. Nach Street		•		
Contractual Expenses		~ ^ ^ ^		
Major Repairs	03.8115.1441	2,000		
Legal and Professional Services	03,8115,1450	890 500		
Remedial Program	03.8115.1454	000		
Buffalo Sewer Authority	D7 0115 1486	5,000		
Service Charge	02.0113.1700	0,044		
Allocation of General Fund	03 8115 0511	4.368		
Costs to Benefitting District	00.012070022	,		
Costs to Renefitive District	03.8115.0512	4,001		
Conta to perioding a sale	03.8115.0597	3,323	20,090	
Less- Retire ated Unexpended Balance			3,500	16,590
ress, Estimator Chesholann - marrie				
District No. 18 - Fisher Road				
Contractual Expenses	03.8118.1441	1,000		
Wajor Repairs	03.8118.1450	898		
Remedial Program	03.8118.1454	200		
Sower Rent Pavable to Erie County		-		
Sewer District No. 6	03.8118.1487	5,000		
Allocation of General Fund		1 500		
Costs to Benefiting District	03.8118.0511	1,598		
Allocation of Highway Fund	00 0110 0010	1 550		
Costs to Benefiting District	03.8118.0312	4072A	11 987	
Sewer Department Allocation	03.8118.0281	1974	- 200 - 200	በ ዐኖን
Less: Estimated Unexpended Balance			2,000	7,702

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	Code Administrative <u>Obiect</u>			NET LEVY
<u>trict No. 19 - Boardman and Weisner Ar</u>	ea			
Contractual Expenses		* 0.54		
Major Repairs	03,8119,1441	1,000		
Legal and Professional Services	03.8119.1450	898		
Remedial Program	03.8119.1454	200		•
Sewer Rent Payable to Erie County				
Sewer District No. 6	03.8119.1490	23,000		
Allocation of General Fund		6.005		
Costs to Benefiting District	03.8119.0511	6,925		
Allocation of Highway Fund		d 000		
Costs to Benefiting District	03.8119.0512	5,390	1- 100	
Sewer Department Allocation	03.8119.0597	5,009	42,422	
Less: Estimated Unexpended Balance			3,000	39,422
strict No. 20 - East, West, Angle and Leve Contractual Expenses	<u>lecker District</u>			
Major Repairs	03,8120.1441	4,000		
Erie County Chargebacks	03.8120.1464	~		
Rent Payable to Sewer District No. 13	03.8120.1486	<u> 811,789 </u>		
-		815,789		
Less Revenue from Charge to New Yor	k			
Ctate Cohool	03.2320.0001	298,239	517,550	
	10.000,000		(17.000)	570 55
			112.0001	2.5.5

Total Sanitary Sewer Districts

\$ 6,755,190

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- 30 -

SEWER FUND Appropriations/Revenues

Erie County's Road to a Bright Future



		2010 B	UDGET		•
ERIE	COUNTY	SEWER	DISTRICTS	NO. 1,	4 & 5

· · · ·							•	
APPROPRIATIONS	· 1	ECSD #1		ECSD #4		ECSD #5		TOTAL
Treatment Costs	\$	2,050,000	\$	3,900,000	\$	805,000	\$	6,755,000
Operation & Maintenance		2,879,204		3,924,643		1,114,243		7,918,090
Net Transfer-Debt Service Fund*		900,639		575,634		158,219		1,634,492
BAN Principal	<u> </u>	0		140,000		. 0		140,000
Total Appropriations	\$	5,829,843	\$	8,540,277	\$	2,077,462	\$	16,447,582
REVENUES		•.				• .		
Interest Earned	\$	43,685		64,316		13,348		
Connection/Inspection Fees		21,050		68,889	•	11,120		
User Charge		862,104		444,841		302,249		
Cheektowaga T.D. #3		0		653,929		0		
West Seneca T.D. #6		0		505,265		0		
E.C. Sewer District #1 (Includes Fairelm Adjust.)		(769,770)		769,770		0		
State (Wende)/County (Bflo, Correc.,H&I),T. Alden		. 0		305,054		0		-
Fund Balance		693,107		1,089,958		160,313		
Clarence Town #2, #6, #7 & #9		0		0		214,236		
Garage/Administration Bldg. Shared Debt		(69,759)		92,385		(22,626)		
Total Revenue	\$	780,417	. \$	3,994,407	\$	678,640	\$	5,453,464
Total Tax Levy	\$	5,049,426	Ş	4,545,870	\$	1,398,822	<u>\$</u>	<u>10,994,118</u>
Total Resources				•			\$	16,447,582
Not Tennefox Dobt Consist Fundt		<u> </u>		•				
Net Transfer-Debt Service Fund	đ.	4 400 554	e	000 4EE '	¢	005 404		
Dept Service (Donus Pai)	Þ	1,100,001	¢	000,100	¢	200,124		
Less Capital Interest Approp		(38,633)		(21,835)		(15,000)		•
Less EFC Subsidy		(241,279)		(76,686)		(31,905)		
Net Transfer	\$	900,639	\$	575,634	\$	158,219		

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COUNTY OF ERIE : -

Fund: 220 Department: Sever Dist. 1,4,5 Fund Center: 18110

Account Appropriations	2003 Actuals	2009 Legislativa : Adopted	2009 Adjusted Budget	2010 Department Request	- 2010 Executive Recommendation	2010 Legislative Adopted
						17 650
05000 Office Supplies	. B,105	22,650	. 22,650	11,550	11,000	11 075
35200 Clothing Supplies	4,210	14,075	206,000	206.000	20,075 21,075	
05600 Auto, Truck & Heavy Equip Supplies	. 71,194	205,900	200,900	4 350	4 250 -	4 250
505500 Medical & Health Supplies	193	. 4,230	.4,250			202 000
506200 Maintenance & Repair	342,294 .	363,900	283,900.	399,900	355,500	· 19 /00
506400 Highway Supplies	6,697	. T9'400	18,400	18,400	10,400	10,400
510100 Out OF Area Travel	- 127	4,000	4,000		4,000	.4,000 °
510200 Training And Education	9,087	37,500	37,500	45,000	45,000	43,000
515000 Utility Charges	11,152	22,000	22,000	22,000	- 22,000	24,000
516020 Professional Sves Contracts & Fees	5,236,116	6,409,144	6,409,144	7,455,916	7,455,516	. //400,910
516030 Maintenance Contracts	. 34,763	131,500	131,500	. 51,700	· 51,700	. SI,700
110000 Other Expenses	495	4,000	- 4,000	4,200	4,208	. 4,200
45000 Rental Charges	- 5,654	25,000	25,000	. 35,000	. 35,000	. 35,000
50500 NYSEFC Bond Administrative Fee	22,618	4 21,958	21,988	21,250	21,250	21,250
51600 Interest - BAN	· -	••••	1,129	-		
55050 Insurance Premiums	10,598	. 17,480	17,480	17,480	17,480	17,480
51410 Lab & Technical Equipment	87,356	166,500	166,500	177,800	177,800	. 177,800
61430 Building, Grounds & Heavy Eget	··, -	· -	-	46,368	46,368	46,368
61440 Motor Vehicles	49,725	214,000	214,000	30,000	30,000	30,000
70000 Interfund Transfère Subsidy	· 678,960	376,976	376,976	475,590	475,590	475,598
70040 Interfund Subsidy-Debt Service	1,534,026	1,831,078	1,829,949	1,774,492	1,774,492	1,774,492
75040 Interfund Expense-Utility Fund	413,103	561,000	561,000	593,440	583,440	583,440
1060D ID Purchasing Services	-		-	-	16,514	16,914
10700 ID Fleet Services	-		- ,	, -	7,749	7,749
122215 ID DPW Mail Srvs	, <u> </u>	•	-	- '	5,100	5,100
12300 ID Highways Services	· -	. 200	200	200	. 200	200
12730 ID Health Lab Services	1,742	2,500	2,500			· -
14000 ID County-wide Accounts Budget	. 145,204	19,238	19,298	. 13,789	- 13,789	13,789
16000 ID County Attorney Services	23,205	27,400	27,400	27,400	27,400	27,400
18000 ID Sever Management Services	3,842,649	4,648,262	4,648,262	4,937,669	4,977,747	4,977,747
980000 ID DISS Services .	51,521	45,362	45,362 ~	72,113	2,272	2,272
Potal Anaropriations	12,598,475	15,215,363	- 15,215,363	16,447,582	16,447,582	16,447,582

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ERIE COUNTY SEWER DISTRICT NO. 1 2010 BUDGET

SCHEDULE OF BOND AND BAN PAYMENTS

BONDS

Proje Numbe G, 6003	21 ORIGINAL 23 PATINCIPAL 23 \$ 6,365,000,00	OUTBTANDING PRINCIPAL \$ 6,206,000.00	DVIE DATE BATE	PTINCIPAL DUE		14251 1년 16,915,50 16,915,50	L 11 44 47 47 47 47 47 47 47 47 47 47 47 47	OTAL DPPIATION 176,915,58 481,015,58
ста ЗЕ	~~~~~		12/15 Adm. Fae 12/1	\$ 305,000.00	¢;;	6;915,58 6,913.08	±} €	481, 430,00 96, 778, 95,
22 \$ 482,925	100	\$ 220,000.00	0/15 1,2/1,5 Adm, Fee 7/1,5	a-25,000,00	8 0 9	6,116,25 5,14,50 214,50	ф III+	5,145,00
32 \$\$ \$00,000.)	0	\$ 825,000.00	1/16 7/16 Adm, Fae Bri	\$ 25,000.00	6 17 69	17,767.75 17,767.75 607,00	10 10	42,767.75 42,767.75
52 a 201,276.0	g	80,000 \$	6/15 12/16 Adm, Fee 7/15	\$ 10°00.00	७ छ छ	2,097.50 1,845.00 77,00	¢3.69	12,097,60 1,845,00
GZ \$ 211,700.0		\$	e/15 12/15 Adm. Fee 11/15	\$ 10,000.00	₩ ₽ ¢	2,509,38 2,509,38 110.00	ርጉ ሆኑ	12,609,38 2,609,38
02 \$ 250,000,00	_	\$ 71,430,00	5/1 11/1	\$ 17,857.00	ю 0	1,656,26 1,659,26	₩.	t,650.28 19,513.28
22 \$ 6,882.00)		\$ 1,872,00	6/1 11/1	461,00	49 49	62,73 45,73	-16 - 167	42'92 220'13
332. \$ 221,673,00 1)		\$ 125,000.00	6/15 12/15 Adm. Fee-5/1	\$ 10,000.00	ርም የም የም	3,551,78 8,284.25 312.00	63 63	13,561,75 3,234,25
132 \$ 122,448.00		\$ 93,878,00	277 277	\$ 5,812,00	÷\$	2,290.70 2,290.78	ന 0	2,290.78
332 \$ B31,000.00 1)		\$ 860,982,59	3/15 8/15	\$ 36,280.67	स्र सं	12,957,02 11,812,81	ዓ ዋ	48,637,69 11,812,81
742 \$ 980,000,00 1)		\$ 765,792.36	4/1 10/1	\$ 53,551,01	64 63	16,387.22 15,383,12	66	69,939,19 15,389,12
032 \$: 2,660,490.00 }		\$ 2,235,000.08	4/1 10/1	\$ 70,000,00	69 69 14	42,721,83 42,721,83 6,587,30	сэ өү	112,721.63 42,721,53
\$ 598,733,10		\$ 556,484.43	6/1 1 2/1	, \$ 10,984,86	4 4 62	13,242,18 13,242,12	\$9 69	13,242.18 24,227.17
., 1 150,000.00	_	\$ 141,085,71	ar 11N	ቁ ዐ,ዐ85.71	17 (4	2,874,56 2,074,56	67 HP	2,874,59 5,960,27
\$ 15.882.0 ¹ 9.1	~	\$ 11,960,583.09	DLIE 2010	\$ 582,863,20	47 47	5 37,688.0 6	⇔	1,180,651,34
			Adm. Fea		÷	13,900.50	BDG	t IN OPA FD

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			808	HEDULE OF BU	d N D	ND BAN PAYN	SINE								
PROJECT NAMÉ		Project Number	DRING	nal Ifal	T2TUC	ANDING PAL	pue DATE	PRINCIP	74	INTEREST. DIJE		TOTAL APPROPRIAT	N.	PAINCIP/	4DiNG N
B 0 N D S SD //4 . (EFCSelier 20021)		(502)	5 7	00.000,521,	45	1,27,1,60,90	5/15 11/15 Adm, Pee 12/1.	÷n	8,480.00	+4: 43 HB	2,633.25 3,633.25 165,20	ፈን ቆጉ	22,211,21 3,613,25	**	118,680.00
SQ #4-1995 14C. & IMP. {RFC Series 200313		05000 (SSS)	size.	3,410,000,00	ŝ	00'000'5\$'5'	7/15 1/15 Adm. Fee 8/1	\$	5,000,00	67 15 1 3	73,015,00 73,025,00 2,032,00	47 147	00,280,86X 00.280,67	er.	,450,000.00
50 #4-1994 NC. & MAP. EFC5arles 1998 - 2]		C. 80031. (693)	чл.	426,400,00	**	aa.ada,20%	6/15 12/15 Adm, Fee 9/15	-n	12,000,00	10 V V	5,175,63 5,125,63 225,50	43-44	5,125.63 30,125.63	4 74	189,000.00
co-seen SD (N-180, MAX (1974-44)		[502]	40	125,420.00	*1	00'84'35	5/1	-05-	00.636,8	47 24	831,04 831,04	43 43	831.04 9,789.04	10.	26,882,00
\$D 44+ (NC, MAX (1974-34)	(074305) 50X	(202)	-474	726,679.00	*>	490,132.00	τ/or τ/ł	10	38,411,DD	42 - 42	13,450.02 13,450.02	v } v;	13,450,02 51,861.02	*5	451,721,00
SD M4- [NC, & [MP, (1998-96)		C, 00031 (643)	\$	00'TRO'0£T,	*3	00.896,801	4/1	-14	8,305,00	აიაბი	2,507,93 2,907,53	÷. v	2,502,53 50,212,11	**	37,663.00
5DH4 - 1995 [HC, & IMPR.		C. 00030 frati	*17-	24,235.00	-03-	00.016,EL	1/1	- 0 -	1,300,00	07 V.D.	787.34 787.34	et is	387,34 1,687,34	*1	12,610,00
SD#4 - 1994 INC. & IMPR.		(ado) C. 00031 Peost	474	394,447,00	*7	235,140.00	1/1 1/L	-	00'000'8T	4 73 40-	6,555,29 6,555,89	ላጉ ላጉ	8,535,19 26,455,89	1 22	215,240.00
SD#4 - NAC. & IMPR.		C,00031	*7	61,255,00	5	69,963.00	1/8 1/8	-574	4,183,00	is 10-	1,707.25 1,707.23	13 03	1,707.25 5,890.25	ي .	65,780.00
5D84- INC. & IMPR.		C, DODA1	\$	133,000.00	v 3-	105,625.77	51/6 51/6	ŝ	3,806.65	5A 5A	23,028,1 1,850,62	-1/3 423-	1,577.72 7,597.27	sir.	21,813,92
5D/4 - INC. & IMPR.		C-00031 feost	**	548, 838, 67	ŝ	510,092.40	5/1 12/1	\$	10,069.57	67 57k	12,138.67 12,138.67	1/1 4/2	12,128.67 22,208.24	ጭ	500,022.85
5D344 - D5 181C, & IMPR.		C, 00063	-574	700,009.00	-17-	858,400.00	5/1 1/1	v	14,400,00	49.49	13,414,60 13,414,60	4 40	13,414,60 27,814,60	ar.	644,000,00
			ų	7 MDS 349.67	*7	71.162,261,2	DUE 2010	S)	22,813,22	-	270,341,58	-25	540,154,80	~	4,862,417.95
TOTALS BONDS			љ	() units and an	۲							÷	1,720,706.14		

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APPENDIX C

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630718-MEMO-001

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TABLE NO. 5.2CURRENT OPERATING COSTS

2010 FCA REPORT

Description	BSA	Ċ	reektowaza	И	lest Seneca	Ē	-SD 1 & 4	Se	roice Area Total
Current Budget O&M	\$ 40,215,261	\$	10,814,559	\$	10,355,687	\$	19,336,838	\$	80,722,345
Debt Service	16,049,834		766,000		26,191		1,720,706		18,562,731
Total	\$ 56,265,095	\$	11,580,559	\$	10,381,878	\$	21,057,545	\$	99,285,076

TABLE NO. 5.2 CURRENT OPERATING COSTS

2011 AMENDED

Description	BSA	C)	wektowaga -	-N	est-Seneca	E	SD184	Si Si	roice Area Total
Current Budget O&M Debt Service	\$ 40,215,261	\$	10,814,559 766,000	\$	8,029,684 26,191	\$	12,753,847 1.616.273	\$	71,813,351 18,458,298
Total	\$ 56,265,095	\$	11,580,559	\$	8,055,875	\$	14,370,120	\$	90,271,649

TABLE NO. 5.4 COST PER HOUSEHOLD

		2010 EC	<u> </u>	Report		2011 A	m	ended
		- City		Wholesale		City		Wholesale
Description	5	егонсе Анга		Customers		service Area		Customers
Current WWT Costs								
Annual O&M	\$	40,215,261	\$	40,215,261	\$	40,215,261	\$	40,215,261
Annual Debt Service		16,049,834		16,049,834		16,049,834		16,049,834
Cheektowaga				10,814,559				10,814,559
West Seneca				10,355,687				8,029,684
Erie Co. Sewer District 1 & 4				19,336,838				12,753,847
Wholesale Debt Service				2,512,897				2,408,464
Wholesale Revenues		(12,046,101)		(12,046,101)		(11,246,101)		(11,246,101)
Subtotal	\$	44,218,994	\$	87,238,975	\$	45,018,994	\$	79,025,548
Projected WWT & CSO Costs								
(Current Dollars)								
O&M - CSO	\$	3,663,619	\$	3,663,619	\$	3,663,619	\$	3,663,619
Debt Service								
Non-CSO Related Projects		44,366,198		44,366,198		44,366,198		44,366,198
CSO Projects		49,404,345		49,404,345		49,404,345		49,404,345
Cash Funded								
Non-CSO Related Projects		-		-		-		
CSO Projects		-		-		-		
Wholesale Community Capital Costs								
Cheektowaga				2,828,562			}	3,801,669
West Seneca				1,382,637				1,595,428
Erie County Sewer District				4,021,479				5,893,159
Wholesale Community LTCP				2 020 642				0 205 540
Cheektowaga				3,280,643				3,785,542
West Seneca				5,430,392			1	3,988,969
Additional OFM				446.000				- 446.000
Future Costs Allocated to Wholesale		(27 281 565)		440,000		(27 281 565)		440,000
C L + + 1			<u></u>	112 250 075				
	\$ 	70,152,597	*	112,850,075) »	70,152,597	1 2 2	116,946,528
Total Current & Projected Costs	\$	114,371,591	\$	200,089,050	\$	115,171,591	\$	195,972,076
Residential Flow		72%	,	75%		72%		75%
Residential Share of Costs	\$	82,395,599	\$	151,01 7,617	\$	82,971,935	\$	147,910,323
Number of Households in Service Area		108,387		178,769		108,387		178,769
Cost Per Household (CPH)	\$	760	\$	845	\$	766	\$	827
1	1		1		1		1	

TABLE NO 5.5 RESIDENTIAL INDICATOR

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	20101-0	A Pegori =	2011 A	nended
	City	Wholesale	City	Wholesale
Description	pervice area	ENGUSU071135	Saraissanana	e usi omense i
<u>Median Household Income (MHI)</u>				
Census Data Year	2008	1999	2008	1999
Census Year MHI	\$29,973	\$30,931	\$29,973	\$30,931
MHI Adjustment Factor	2.59%	2.59%	2.59%	2.59%
Adjusted MHI	\$31,545	\$40,974	\$31,545	\$40,97 4
Cost Per Household	\$760	\$845	\$766	\$827
Residential Indicator	2.41	2.06	2.43	2.02
Rating	High	High	High	High

		2010 FCA	REPORT			2011 AN	IENIDED	
Score	City	Only	Including	Nholesale -	City	Only	Including	Wholesale
FCI	1.20	Weak	1.20	Weak	1.20	Weak	1.20	Weak
RI	2.41	High	2.06	High	2.43	High	2.02	High

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TABLE NO. 5.12 SCORING SUMMARY OF RI AND FCI

APPENDIX D

1

	Department		Date
Forecasted Capital Projects as of Buddet Year 2010	Engineering		8/10/06
	Mandatory or Permissive	Estimate of required completion date	Projected Cost
Project Purpose Various sanitary sewer district improvements projects to eliminate SSO's as required under NYSDEC Consent Order to be constructed over a number of years following NYSDEC Abate- ment Plan approval intended to remove I/L & abate SSO's to be defined following detailed	Mandatory	2011 to 2026	\$40M
technical study and evaluation.			
Sewer Maintenance Office Building addition and renovation	Permissive	2011	\$400,000.
North Creek relief sewer proposed to eliminate wet weather SSO @ JFK Lane	Mandatory	2010	\$1,000,000.
Maryvale/Cayuga sewer extensions to the NE Interceptor to eliminate SSO	Mandatory	2012	\$600,000.
Elimination of siphons on Mildred/Andres sanitary trunks	Mandatory	2011	\$150,000.
Modifications to Harlem Road and George Urban Blvd. Pump Stations and force mains for SSO abatement	Mandatory	2015	\$3,000,000.
Modifications to Roycroft Blvd. Pump Station and force main	Mandatory	2013	\$2,000,000.
Total Cost		W- 7. M	8/10/03

Department Manager's Signature

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(Rev 7-09) capproj

Date

APPENDIX E

	Chei	ektowaga	Ŋ	lest Seneca	Ľ	CSD18-4
Collection System Length (ft)		1,056,000		939,849		1,439,000
Estimated Replacement Cost (\$//t)	\$	200	\$	200	\$	200
Estimated Pipe Relining Cost (\$/ft)		-	\$	100		-
Above Ground Facility Replacement Value (\$)		-		-	\$	30,025,000
Study Period Capital Replacement Cost (\$) One percent per year	\$	42,240,000	\$	18,797,000		\$57,550,000
Study Period Relining Cost (\$) Fifty Percent Of System	\$	-	\$	46,992,000	\$	
Study Period Above Ground Facility Replacement (\$) One percent per year		**		-		\$6,005,000
Total Study Period Capital Investment	\$	42,240,000	\$	65,789,000	\$	63,555,000

WHOLESALE COMMUNITY NON-REGULATORY CAPITAL COST

APPENDIX F

Capital Improvements Planning (2010 - 2015)

ECSD No. 1

- Cayuga ORF disinfection piping: \$90,000, estimated completion 2010.
- SAP CMMS Plant Maintenance Module Implementation (RFP for services currently in review): \$350,000^{+/-} ECSD No. 1 share, estimated completion 2011.
- Industrial Park PS Improvements: \$300,000, estimated completion 2015?
- Smaller projects (under \$100,000) throughout the district completed through operations/year-

- to-year budget line items. This includes \$200,000 over the next five years for roof replacements.
- Approximately \$100,000 per year contributed to collection system cured in place pipe lining contract.

ECSD No. 4

- Glendale/Parkdale Sewer Rehabilitation Project: \$650,000, estimated completion 2010.
- Vanderbilt PS, Depew PS, and Depew ORF Improvements: \$3,500,000, estimated completion 2011.
- SAP CMMS Plant Maintenance Module Implementation (RFP for services currently in review): \$350,000+/- ECSD No. 4 share, estimated completion 2011.
- Aurora North PS Elimination Project: \$4,000,000, estimated completion 2011 or 2012.
- Iroquois PS Improvements (RFP for engineering evaluation to be issued soon): \$900,000, estimated completion 2014.
- Smaller projects (under \$100,000) throughout the district completed through operations/yearto-year budget line items. This includes \$275,000 over the next five years for roof replacements.
- Approx. \$100,000 per year contributed to collection system cured in place pipe lining contract.

Comment [f1]: The biggest unknown with respect to capital needs for both of these sewer districts are the potential collection system / SSO regulations from the EPA. In particular, potential regulations affecting the overflow reterition facilities.

APPENDIX G

BUFFALO SEWER AUTHORITY

Report on Fiscal Year 2010-11 Rates and Charges for Sewer Services

August 14, 2010

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Buffalo Sewer Authority 1038 City Hall Buffalo, NY 14202

To the Board Members of the Buffalo Sewer Authority

I am pleased to submit my report on the adequacy of Fiscal Year July 1, 2010 – June 30, 2011 (Fiscal Year 2010-11) rates and charges for sewer service in the City of Buffalo. The report presents background information regarding the Sewer System and the anticipated cash receipts and disbursements of the Sewer System for the Fiscal Year 2010-11.

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There will usually be differences between budgeted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

I appreciate the opportunity to be of service to the Sewer Authority and would be pleased to answer any questions you may have regarding the rate study methodology or findings.

Lisa A. Foti, CPA Rate Consultant

Buffalo, New York August 14, 2010

SECTION I-INTRODUCTION

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A. Overview of the Fiscal Year 2010-11 Rates

This report presents the rate findings for the City of Buffalo Sewer System. The Report presents findings regarding the Fiscal Year 2010-11 revenue requirements of the Sewer System and the adequacy of budgeted sewer rates and charges.

The report is structured in four sections:

- I. Introduction
- II. Revenue Requirements of the Sewer System
- III. Sewer Rates and Revenues
- IV. Conclusions

Section I of the Report provides background information regarding the Sewer System, as well as an outline of the responsibilities of the Buffalo Sewer Authority (Authority) and City of Buffalo (City). This Section also summarizes several potential rate-setting objectives for consideration by the Authority and reviews the methodology, which was used in preparing the Report.

B. The Buffalo Sewer System

The Buffalo Sewer Authority, a public benefit corporation, was created by an Act of the Legislature in 1935. The Authority was given the responsibility for providing an effective means of relieving the Niagara River from pollution by sewage and waste. Operation of the sewage treatment plant serving the City of Buffalo began by the Buffalo Sewer Authority on July 1, 1938. The Bird Island Sewage Treatment Plant receives sewage from approximately 840 miles of sewer and clarifies, deodorizes and disinfects it. The effluent finally discharged into the Niagara River meets all Federal and State water quality standards. Solids removed from the sewage in its passage through the plant are disposed of by incineration. The City's waste water generally includes liquids and waterborne solids from domestic, industrial or commercial uses, as well as other water that has been used, whose quality has been degraded, and discharged to the sewage system.

C. The Roles of the Authority and the City

The Authority establishes rates and charges for sewer service and related services to provide sufficient revenue to pay the operating expenses of the system and for debt service (principal and interest) on the Authority's bonds. The Authority is responsible for financing capital improvements to the Sewer System of the City of Buffalo. The Authority issues revenue bonds, the proceeds of which are used to pay for capital improvements to the Sewer System. The previously issued bonds and future bonds of the Authority are backed by revenues of the Sewer System. The City has also granted the Authority the right to use the agents, employees, records and equipment of the Division of Water, the Division of Treasury, Department of Audit and Control, Department of Assessment and Department of Law. The City of Buffalo charges the Authority for services rendered by City departments.

D. Rate Setting Considerations

In evaluating the rates and charges for sewer service in the City of Buffalo, there are a number of potential objectives, which should be considered by the Sewer Authority:

• Sufficient cash receipts must be raised by rates and charges and other sources of revenues to satisfy the revenue requirements of the Sewer System;

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- Rates and charges should be equitable and fair, in the sense that charges levied on different users reflect the associated costs incurred as a result of serving those users;
- The rate structure should provide a reasonably stable and predictable flow of revenue;
- The rate structure should be relatively simple and inexpensive to administer; and
- The rate structure should be understandable to the customer.

E. Fiscal Year 2010-11 Rate Methodology and Report Structure

The Fiscal Year 2010-11 Rate Study has two principal components:

- A determination of the cash requirements for the Sewer System in Fiscal Year 2010-11; and
- An analysis of the approved budgeted rates and charges and the anticipated annual budgeted cash receipts of the System.

Section II of the Report illustrates the cash requirements and hence revenue required from the Sewer System in Fiscal Year 2010-11. Section III summarizes the customer base, the expected cash receipts from other sources and the amounts to be raised from user charges. The conclusions are presented in Section IV.

F. Sources of Data

The information utilized in the preparation of the Report was obtained from several sources. Historical cash disbursements and cash receipts data was derived from the financial statements of the Sewer Anthonity and the supporting records for those statements. Current information concerning the Fiscal Year 2010-11 budget for the Sewer System, customer account data and sewer billings and anticipated cash receipts was obtained from the records of the Authority.

SECTION II – REVENUE REQUIREMENTS

This section of the report provides an overview of the current cash requirements of the Sewer System. Fiscal Year 2010-11 cash disbursements for the Sewer System can be classified into ten major categories of cost. A description of each category and the current estimates of Fiscal Year 2010-11 cash disbursements are provided below. Estimated cash requirements are provided for each category of expenditure.

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Debt Service (\$12,146,000)

This category of cash disbursements includes the scheduled interest payments to the debt service trustee in Fiscal Year 2010-11 on the outstanding Sewer System Revenue Bonds. The Fiscal 2010-11 Capital Plan incorporates a \$20M Series M Environmental Facilities Corporation (EFC) bond issue. This bond is being issued in part to support the Hamburg Drain Floatables Control facility project (CWSRF project). Current projected costs of the CWSRF project total \$18M. Of the \$18M in total costs an estimated \$8.6M will be available for "principal forgiveness" under the American Recovery and Reinvestment Act (ARRA). Until this ARRA award is received the bond will be issued in full as a traditional short-term interest free financing instrument. The amount ultimately responsible by the Authority will then be converted to a traditional long-term subsidized bond when the project is at or near completion. The remaining available monies from the bond issue will be utilized to support the remainder of the FY 2010-11 Capital Plan along with available monies from the Construction Fund. There is no anticipated short term principal or interest due in FY 2010-11 on this issue.

The proceeds of the bond issues, together with interest earnings on available funds, are used for three purposes:

- Deposits to the construction fund This represents the amount necessary to meet the construction needs identified in the Authority's Capital Improvement Plan.
- Deposits to the Debt Service Reserve Fund This is a standard requirement for revenue bond issues. The Reserve Fund is intended to protect bondholders by providing a dedicated fund which is available to pay debt service in the event the Authority fails to make its annual principal and interest payment. It is typically structured to be equal to the maximum annual debt service, which occurs during the term of the bond issue.
- Cost of issuance These costs cover the expenses associated with bond underwriters, attorneys, consultants and related expenses.

General Administration (\$1,400,000)

The management of the business and fiscal affairs of the Authority is the responsibility of the Administrative Department. In general, these affairs include all fiscal operations such as preparation and control of operating and construction budgets, keeping of accounts and books of records, billings and collections, purchasing, maintaining an insurance program against fire, theft and public liability, preparation of all matters relating to bond sales, preparation of payrolls and payroll records, handling investments of funds, and other related matters.

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Waste Water Treatment Facilities (\$21,828,000)

The Sewage Treatment Department is responsible for operation, maintenance and repair of the various facilities at the Bird Island Treatment Plant and at the outlying pumping station included in the sewerage system. All units of the plant have been maintained to insure continuous pumping, disinfection and treatment of domestic and industrial wastes in fulfillment of the Authority's basic requirements.

The Bird Island laboratory is an important plant adjunct. Personnel are continually trained to be abreast of all technological advances in the field of sanitary science.

Industrial Waste (\$590,000)

The Industrial Waste Section operates an industrial waste control program, which was developed and initiated on January 1, 1976. This control program was instituted to enable the Buffalo Sewer Anthority (Authority) to comply with its State Pollution Discharge Elimination System (SPDES) permit and with Environment Protection Agency (EPA) requirements associated with the acceptance of federal aid by the Authority to upgrade existing facilities and to construct secondary treatment facilities. This control program has been updated and expanded to comply with the requirements of the EPA General Prefreatment Regulations.

The primary objective of the Industrial Waste Section is to monitor and control these industrial discharges, as necessary, to:

- protect the public health,
- protect the receiving stream quality (i.e. the Niagara River),
- enable the Authority to comply with its SPDES permit,
- protect the integrity of the Authority's facilities, and
- · administrate Industrial Surcharges and outside service area agreements and charges.

Sewer System Engineering (\$795,000)

The Engineering Department handles engineering studies, surveys, preparation of plans and specifications, contract preparation, the construction budget and construction supervision and inspection. It continues to be actively engaged in design, and the preparation of contract drawings and specifications for needed storm water relief sewers and for sewer extension for local area development, and in other work pertinent to the Authority's operations.

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Sewer Maintenance Department (\$2,795,000)

Routine inspection is made of all sewers and of appurtenances of the system such as intercepting and overflow chambers and inverted siphons. Sewers, street inlets and catch basins are cleaned both on a routine preventative maintenance basis and in response to flooding complaints. Sewer repairs are made as necessary and are usually of an emergency nature.

The Sewer Maintenance Department also cares for the East Amherst Street retention basin and pumping station. This basin, which has proven effective in flood prevention in the Kensington area, is cleaned after every use and maintained in sanitary condition.

Employee Benefits (\$6,893,000)

Employee benefits include the disbursements for the fringe benefits provided to the Authority employees including hospital, dental and life insurance, social security, pension, unemployment insurance and worker's compensation. The Buffalo Sewer Authorities labor agreement with CSEA Local 815, which is the white collar union of the Authority and with the Communications Workers of America (CWA), the blue collar union was reached and runs through June 30, 2012. The contract provided a 12.75% increase over the five year contract period. The agreement also addressed issues surrounding insurance, compensated absences, and the number of step increase classifications.

City of Buffalo Services (\$2,900,000)

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Services provided by the City of Buffalo include Division of Water billings for sewer rent, treasury functions, assessment of properties, and billing of sewer rent based on assessed value, data processing and payroll services as well as legal and auditing services.

Miscellaneous and Contingencies (\$495,000)

Miscellaneous disbursements include a contingency provision for judgments and claims, a sewer rent adjustment and a contingency for unanticipated expenditures not otherwise covered in the budget. thread in the

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Capital Improvements Including Departmental Capital Outlays–On-Going Projects (\$1,036,000)

Departmental capital outlays are budgeted capital improvements to be made to the System from current operating revenues.

The capital improvement fund is provided to make necessary improvements to the system on an as needed basis. Expected cash disbursements must be adjusted to arrive at the cash requirements for the Sewer System.

Debt Service Coverage Provision (\$1,822,000)

Lastly, debt service coverage must be at 115% of debt service. Thus 15% of debt service must be added to cash requirements.

Total Operation and Maintenance Costs for the Sewer System

Based on the preceding categories of cost, the total expected operation and maintenance cash disbursements for the Sewer System in Fiscal Year 2010-11 are \$38,732,000.
SECTION III SEWER RATES AND REVENUES

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A. Sewer Rents

The authority has adopted a schedule of sewer rates based upon the assessed valuation of real estate and also based upon water usage. Additionally, the Authority provides for assigning sanitary sewer construction costs to benefiting property owners as a condition precedent to granting a permit to connect such facilities. Outlying communities also utilize the services of the facilities. This is provided under a separate agreement with each of the municipalities.

Largest Customers of the System

An analysis of the customer base of the Sewer System shows that the users of the System are diversified. Only two customers, OAB and BMHA represent more than 2% of the sewer billings. Each of the customers is less than 2.5% of the billed amount for sewer.

Based on Authority billing records for Fiscal Year Ending June 30, 2009, the largest consumers are as follows:

Customer	Sewer Rent on Assessed Valuation	Sewer Rent on Water Use	Industrial Waste <u>Surcharge</u>	Total Sewer Rent
OAB	159,670	453,279	0	612,949
BMHA	192,629	378,014	0	570,643
ECMC	0	294,115	0	294,115
Niagara Mohawk	195,556	27,204	0	222,760
Buffalo Board of Education	0	183,020	0	183,020
Seneca One	38,427	139,690	0	178,117
SUNYAB	0	166,206	0	166,206
Sorrento Cheese	3,795	0	148,324	152,119
Safety-Kleen	1,063	0	149,397	150,460
M&T	84,770	8,249	0	93,019

B. Comparison of Buffalo Sewer Rates with the Rates of Other Communities

A significant consideration in evaluating sewer rates is the reasonableness of current rates and charges compared to those of other communities. Rates for the City of Buffalo and other municipalities within New York State have been compared for purposes of comparison, residential user charges are based upon information provided by the identified cities and standardized assumptions regarding water consumption namely 12,000 cubic feet or the equivalent of 89,760 gallons. Annual water use at this volume figure is used consistently for comparative purposes, recognizing that the typical customer in each class in each city may use different volumes of sewer. Finally, average assessed value in each community was considered.

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The results indicate that the Buffalo Sewer Authority's rates are low on average in comparison to other communities.

C. Rate Setting Actions of the Buffalo Sewer Authority

The total assessed value of property applicable for sewer purposes will increase by \$233,004,036, and the levy of sewer rents based on assessed value for 2010-11 will remain constant at \$12,050,000. This will result in an annual sewer rent of approximately \$1.69730309 per \$1,000 of assessed valuation which is an adjustment of (\$.05759540) from the previous year. All flat and metered accounts will continue to be assessed a capacity/drainage charge at a minimum of \$6.00 per month. The estimated user payments for Fiscal Year 2010-11 reflect these Sewer Authority actions.

D. Expected Fiscal Year 2009-10 Receipts and Projected Fiscal Year 2010-11 Recepits

Metered and Flat Sewer Rents

Based on current estimates, cash receipts from user charges are expected to be approximately \$27.6M in Fiscal Year 2009-10. This is based upon unaudited cash receipts through May 2010 and a projection for June 2010. The expected cash receipts in Fiscal Year 2010-11 are projected at \$26.4M, reflecting the declining trend in overall collection rates and the customer base in the City of Buffalo Payments on current as well as in arrears accounts have been considered in this projection.

Assessment Sewer Rent (\$12,058,000)

The Authority also charges a sewer rent based upon the assessed valuation of all real property in the City (except as exempted by law). The total assessment sewer rent is expected to be \$12,058,000 for Fiscal Year 2010-11. This is based upon the estimated assessed value of chargeable property for fiscal year 2010-11, which remained constant from the previous year.

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Outside City Contracts (\$10,000,000)

There are currently eight service contracts involving communities outside the corporate limits of the city from which the Authority receives and treats sanitary sewage.

The contract areas are billed in accordance with an agreement using actual measured flows that are discharged into the Authority's facilities in relation to total flow received at the Treatment Plant. Actual operating and maintenance costs and capital costs of the facilities used are applied to each billing. The charge for the ensuing fiscal year is in an amount representing the actual capital and operating costs to the Authority over the most recently completed fiscal year of treating the estimated flow from the district.

Industrial Waste (\$1,815,000)

Industrial waste revenue accounts for less than 2.5% of Sewer Authority revenues. This category mainly includes charges for hauling and surcharges relating to industrial type waste from commercial users of the system.

Interest Income (\$1,468,000)

Interest income includes interest on investments from both the operating and debt service funds which is considerably lower than the prior year due to decreases in interest rates and interest paid on overdue accounts by users of the System. The amounts, which are overdue, can fluctuate from year to year. Since the interest penalty is computed on the basis of the overdue amounts, the interest penalties would fluctuate from year to year as well.

Miscellaneous (\$963,000)

Miscellaneous revenue includes user fees for specific services provided. These revenues are derived from billing services for the Buffalo Sewer Authority.

SECTION IV - CONCLUSIONS

Based on the information presented in Sections I through III, current Authority budget estimates of cash receipts in Fiscal Year 2010-11 are commensurate and in fact exceed the amount required for the anticipated annual budgeted cash requirements and are consistent with the stated goal of building a reserve balance to a level expected by rating agencies for an Authority the size of the Buffalo Sewer Authority.

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No adjustments to current rates and/or drainage/capacity charges are proposed for consideration by the Authority at this time.

Exhibit 1

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ANTICIPATED FISCAL 2009-10 CASH REQUIREMENTS

Cash Requirements

Debt Service

\$ 12,146,000

Operating Disbursements:

General administration	\$ 1,400,000	
Waste Water Treatment Facilities	21,828,000	
Industrial Waste	390,000	
Sewer System Engineering	795,000	
Sewer Maintenance Department	2,795,000	
Employee benefits	6,893,000	
City of Buffalo and Collection Services	2,900,000	
Miscellaneous and contingency	495,000	
Capital Improvements, including		
Departmental capital outlays &		
-on-going projects	1,036,000	
Total operating disbursements		38,732,000
Total cash disbursements		50,878,000
Tese amounts available for use for		
Capital Improvements		(1,036,000)
Add debt service coverage provision 1		1,822,000
Total anticipated cash requirements		\$ <u>51.664.000</u>

Debt service coverage is not required on capital-lease payments.

Exhibit 2

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ANTICIPATED FISCAL 2010-11 CASH RECEIPTS

Cash Receipts

Operating Revenue:

Metered and Flat Sewer Rents	\$ 26,396,000
Assessment Sewer Rent	12,058,000
Outside City Contracts	10,000,000
Industrial Waste	1,815,000
Other Revenues:	
Interest Income	1,468,000
Miscellaneous	963,000
Total anticipated cash receipts	

\$<u>52,700.000</u>

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APPENDIX H

					Projected
	Census	Census	ACS	Annual %	Households
Community	1990	2000	2006/08	Change	2010
City of Buffalo	136,436	122,720	111,045	-1.20%	108,387
Cheektowaga		34,188	34,623	0.18%	
Cheektowaga Service Area		24,847			25,300
Erie County	376,994	380,873	378,000	0.02%	
ECSD No. 1		14,832			14,855
ECSD No. 4		16,676			16,702
West Seneca		18,337	18,912	0.44%	
West Seneca Service Area		12,941	14,010		13,524
			F	otal Households	178,769

Demographic Data - Household Projections

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American FactFinder Mallo Search Freedores PAGEs Glossance Siles Mage Stille	
<u>P15. HOUSEHOLDS [1] - Universe: Households</u> Data Set: <u>Census 2000 Summary File 1 (SF 1) 100-Percent Data</u>	
NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see	
United States Erie County, New York Buffalo City, New York Cheektowaga CDP, New York West Seneca CDP, New York Total 105 480 101 380 873 122,720 34,188 18,837	
U.S. Census Bureau Census 2000	
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P16. POPULATION IN HOUSEHOLDS [11 - Universe: Population in households	
NOTE: For information on confidentiality protection, norsampling error, definitions, and confidentiality are confidentiality protection, norsampling error, definitions, and confidentiality are confidential to the second second confidential to the second confidenti	
Total 273,643,273 919,474 281,522 79,064 45,360	
U.S. Census Bureau Census 2000	
P17. AVERAGE HOUSEHOLD SIZE [1] - Universe: Households	
Data Set: Census 2000 Summary File 1 (SF 1) 100-Percent Data	
NOTE: For information on confidentiality protection, nonsampling error, definitions, and count corrections see http://jaclfinder.census.cov/home/en/datacoles/expsf1u_htm.	
United States Erie County, New York Buffalo city, New York Cheektowaga CDP, New York West Seneca CDP, New	V York 2.47
U.S. Census Bureau	
Census 2000	

Standard Error/Variance documentation for this dataset: Accuracy of the Data: Census 2000 Summary File 1 (SF 1) 100-Percent Data (PDF 44KB)

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FACT SHEET	<u>, , , , , , , , , , , , , , , , , , , </u>		<u>, , , , , , , , , , , , , , , , , , , </u>	₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩₩
uffalo city, New York				
006-2008 American Community Survey 3-Year Estir Data Profile Highlights:	nates - what's	this?		
NOTE: Although the American Community Survey (ACS) proc it is the Census Bureau's Population Estimates Program that population for the nation, states, counties, cities and towns an	duces population, produces and disa id estimates of ho	demographic seminates the using units for	and housing official estim 'states and c	unit estimates, ates of the countles.
				Margin of
ocial Characteristics - show more >>	Estimate	Percent	U.S.	Error
Average household size	3.04		3.20	+/-0.05
Population 25 years and over	162,954	. ,		+/-2,597
High school graduate or higher	(X)	80.2	84.5%	(X)
Bachelor's degree or higher	(X)	20.9	27.4%	(X)
over)	18,082	9.2	10.1%	+/-972
With a Disability	(X)	(X)	(X)	(X)
Foreign born	13,400	5,2	12.5%	+/-1,688
15 years and over) Female. Now married, except separated	30,976	32.0	52.2%	+/-1,443
(population 15 years and over)	29,505	20,3	40.4%	+/-1,341
Speak a language other than English at home (population 5 years and over)	29,444	12.1	19.6%	+/ -1,7 66
Household population Group quarters population	246,712 (X)	(X)	(X)	+/-4,013 (X)
Economic Characteristics - show more >>	Estimate	Percent	U.S.	Margin of Error
In labor force (population 16 years and over)	119,716	58.5	65.2%	+/-2,120
Mean travel time to work in minutes (workers 16 years and over)	20.1	(X)	25.3	+/-0.5
Median household income (in 2008 inflation- adjusted dollars) Median forsity income (in 2008 inflation-adjusted	29,845	(X)	52,175	-+/-880
dollars)	37,068	(X)	63,211	+/-1,503
Per capita income (in 2008 inflation-adjusted	19,246	(X)	27,466	+/-630
Families below poverty level	(X)	24.9	9,6%	(X)
Individuals below poverty level	(X)	29.9	13.2%	(X)
Housing Characteristics - show more >>	Estimate	Percent	U.S.	Margin of Error
Total housing units Occupied housing units Owner-occupied housing units Renter-occupied housing units	140,199 111,045 47,685 63,360	79.2 42.9 57.1	88.0% 67.1% 32.9%	+/-1,506 +/-1,719 +/-1,423 +/-1,730
Vacant housing units	29,154	20.8	12.0%	+/-1, 494
Owner-occupied homes Median value (dollars)	47,685 63,000	(X)	192,400	+/-1,423 +/-1,740
Median of selected monthly owner costs With a mortgage (dollars) Not mortgaged (dollars)	1,008 429	(X) (X)	1,508 425	+/-24 +/-14
ACS Demographic Estimates - show more >>	Estimate	Percent	U.S.	Margin of
	259 143			=110 r +/-4,221

http://factfinder.census.gov/servlet/ACSSAFFFacts?_event=Search&geo_id=06000US3602... 9/9/2010

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Buffalo city, New York - Fact Sheet - American FactFinder

Male	122,758	47.4	49.3%	+/-2,608
Female	136,385	52.6	50.7%	+/-2,386
Median age (years)	34.2	(X)	36.7	+/-0.7
Under 5 years	15,675	6.0	6.9%	+/-955
18 years and over	196,891	76.0	75.5%	+/-3,248
65 years and over	31,668	12.2	12.6%	+/-1,165
One race	252,559	97.5	97.8%	+/-4,320
White	135,350	52.2	74.3%	+/-3,519
Black or African American	101,297	39.1	12.3%	+/-2,112
American Indian and Alaska Native	1,857	0.7	0.8%	4-/-509
Asian	4,358	1.7	4.4%	+/-860
Native Hawaiian and Other Pacific Islander	0	0.0	0.1%	+/-158
Some other race	9,697	3.7	5.8%	+/-1,155
Two or more races	6,584	2,5	2.2%	+/-1,110
Hispanic or Latino (of any race)	22,584	8.7	15.1%	+/-1,017

Source: U.S. Census Bureau, 2006-2008 American Community Survey

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Explanation of Symbols: ****** - The median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate. ******* - The estimate is controlled. A statistical test for sampling variability is not appropriate. **** - Data for this geographic area cannot be displayed because the number of sample cases is too small. *(X)* - The value is not applicable or not available.

The letters PDF or symbol is indicate a document is in the Portable Document Format (PDF). To view the file you will need the Adobe® Acrobat® Reader, which is available for free from the Adobe web site.

http://factfinder.census.gov/servlet/ACSSAFFFacts?_event=Search&geo_id=06000US3602... 9/9/2010

APPENDIX I

20	00 U.S. Cenus Tract I	Data	Households By Sewer Service Area				
Census Tract	Median Houshold Income (MHI)	Households	ECSD 1	ECSD 4	Cheektowaga	West Seneca	Total Households
0097.01	\$46,250	1,368		1,368	-	-	1,368
0097.02	\$44,293	2,020	-	2,020	-		2,020
0098	\$36,893	739	-	739	-		739
0099	\$29,420	1,722	-	-	1,722	-	1,722
0100.01	\$38,821	1,282	-	-	1,282	-	1,282
0100.02	\$31,292	2,277	-	-	2,277	-	2,277
0100.03	\$36,033	1,672	-	-	1,672	•**	1,672
0101.01	\$40,599	2,057	-	-	2,057	-	2,057
0101.02	\$25,929	1,769	-	-	1,769	-	1,769
0101.03	\$36,730	1,761	7	-	1,761	-	1,761
0102	\$38,998	3,111	-	-	3,111	-	3,111
0103	\$30,129	565	-	-	565	_	565
0104	\$29,235	944	-	-	944	-	944
0105	\$34,087	1,053	-	-	1,053	-	1,053
0106	\$33,052	1,155	-	-	1,155		1,155
0107	\$38,547	1,225	-	-	1,225	-	1,225
0108.03	\$40,344	839	588	-	251	- i	839
0108.04	\$51,488	1,607	1,607	-	_	-	1,607
0108.05	\$53,385	2,165	2,165	1	_	-	2,165
0108.06	\$46,411	3,172	3,172	_			3,172
0108.07	\$41,687	2,250	2,250	-	-	_	2,250
0109.01	\$35,858	1,155	-	-	1,155	-	1,155
0109.02	\$29,463	2,347	1,173	-	1,174		2,347
0110	\$40,183	801	-	-	801	-	801
0111	\$34,013	873	~	-	873	-	873
0112	\$49,550	2,585	2,585	-	- -	-	2,585
0113	\$39,016	2,152	1,292	-	í -	860	2,152
0114	\$33,833	1,048	-	-		1,048	1,048
0115	\$41,643	644	ч	-	-	644	644
0116	\$41,987	1,002	0	-	-	1,002	1,002
0117	\$41,378	1,814	-	-	-	1,814	1,814
0118	\$45,614	1,567	-	-	-	1,567	1,567
0119.01	\$0	0	-	-	_	0	0
0119.02	\$57,062	2,657	-	- 1	-	2,657	2,657
0120.01	\$41,278	1,707	-	-	-	529	529
0120.02	\$49,016	1,303	-		-	951	951
0120.03	\$54,896	1,869	-	<u> </u>	-	1,869	1,869
0142.03	\$60,417	2,827	- T	2,120	-	-	2,120
0142.04	\$46,116	1,377	-	55Ò	-	- 1	550
0142.05	\$57,572	3,469		2,428	-	-	2,428
0143	\$45,317	2,647	-	2,647			2,647
0144	\$32,614	2,091	-	2,091	-	-	2,091
0145.01	\$47,454	1,515	-	1,515	-	-	1,515
0145.02	\$30,862	1,144	-	1,144		-	1,144
0149.03	\$50,333	2,198		45	- 1	-	45
0149.04	\$26,875	9	-	9	-	-	9
Northware and a state of the st	TOTAL	75.554	14.832	16.676	24.847	12.941	69.296

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APPENDIX J

Thus, this document has included documentation of Buffalo's clearly unique financial conditions for consideration.

It is important to note that BSA does *not* consider the affordability determination, as formulated in the Guidance, as valid. In fact, due to the significant shortcomings of the Guidance's approach and lack of local economic considerations, the financial capability of Buffalo cannot be adequately determined under the standardized approach proffered by the Guidance.

This report includes supporting data that will demonstrate that Buffalo is extremely impoverished and losing population. Many of its residents live below the poverty line and are already highly burdened by the cost of wastewater services. Due to the extreme affordability limitations of its customer base, BSA, on behalf of the City, must pursue a LTCP that is both technically practical and affordable. This objective should be achievable based on solid technical and scientific rationale in the development of the final LTCP, and must include a schedule that is realistic and reasonable for the community.

² EPA, Office of Wastewater Management; Combined Sewer Overflows – Guidance for Financial Capability Assessment and Schedule Development, Final, (Washington, D.C., February 1997), p.10.