

BUFFALO SEWER AUTHORITY

June 18, 2003

REGULAR MEETING

9:00 A.M.

1038 CITY HALL

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INFORMATIVE: TEMPORARY INVESTMENTS (CERTIFICATES OF DEPOSIT AND TREASURY BILLS)

June 10, 2003

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
CAPITAL IMPROVEMENT FUND						
15-Apr-02	MONEY MARKET		\$ 515,355.50	CHASE	1.51%	Erie Co.High Yield
CONSTRUCTION FUND						
08-Apr-02	MONEY MARKET		\$ 9,813,319.94	CHASE	1.51%	Erie Co.High Yield
LIABILITY AND CASUALTY RESERVE FUND						
22-Apr-02	MONEY MARKET		\$ 1,243,889.11	CHASE	1.51%	Erie Co.High Yield
OPERATING FUND						
08-Apr-02	MONEY MARKET		\$ 3,000,000.00	CHASE	1.51%	Erie Co.High Yield
TRUST & AGENCY FUND						
06-May-02	MONEY MARKET		\$ 49,405.69	CHASE	1.51%	Erie Co.High Yield
SURPLUS FUND						
13-Jan-03	30-Jun-03	168	\$2,845,386.00	CHASE	1.25%	\$16,598.09
NET REVENUE FUND						
27-May-03	25-Jun-03	29	\$500,000.00	M & T	1.15%	\$463.19
25-Mar-03	30-Jun-03	97	\$600,000.00	M & T	1.13%	\$1,826.83
31-Dec-02	30-Jun-03	181	\$10,112,500.00	CHASE	1.25%	\$63,554.25
27-May-03	30-Jun-03	34	\$1,902,596.13	M & T	1.15%	\$2,066.43
			\$13,115,096.13			
DEBT RESERVE FUND						
01-Jan-03	30-Jun-03	180	\$1,203,823.48	SERIES F U.S.TREAS.NOTES	5.375%	
			(1,179,000.00 units)			
14-Jul-93	13-Jul-03		\$7,622,950.00	SERIES G CITIBANK SERIES H	5.54%	
13-Mar-03	15-Apr-32		\$2,825,593.00	SLG	4.345%	
			\$11,652,366.48			
CONSTRUCTION FUND						
13-Mar-03	MONEY MARKET		\$656.76	VISION		
15-May-03	12-Jun-03	28	\$4,197,900.89	M & T	1.20%	\$3,918.04
22-May-03	19-Jun-03	28	\$4,629,750.54	M & T	1.19%	\$4,285.09
29-May-03	26-Jun-03	28	\$4,726,164.80	M & T	1.15%	\$4,227.29
05-Jun-03	03-Jul-03	28	\$3,572,807.67	CHASE	1.15%	\$3,195.68
			\$17,127,280.66			

RECEIVE & FILE

ITEM NO. 3

INFORMATIVE: SEWER RENTS BASED ON ASSESSED VALUE AND COMPARISON

The Department of Assessment has fixed the following assessed valuation of property to use in the calculation of sewer rents for the 2003-2004 fiscal year. This results in the following sewer rents based on assessed value and comparison:

	SEWER RENT REQUIRED	TOTAL ASSESSED VALUE OF PROPERTY APPLICABLE FOR SEWER PURPOSES	SEWER RENT PER \$1,000 VALUE
2003-04	\$12,050,000	\$5,857,384,724	\$2.05723212
2002-03	\$10,050,000	\$5,794,097,815	\$1.73452370
change	-0-	\$63,286,909	.32270842

This report is presented to the Board for their information to be acknowledged and received and filed.

RECEIVE & FILE

ITEM NO. 4

ADOPTION OF AMENDED "FINAL SCHEDULE OF SEWER RENTS AND OTHER CHARGES FOR 2003-2004"

WHEREAS: The Buffalo Sewer Authority, in the meeting of April 16, 2003, adopted a proposed amended "Schedule of Sewer Rents and Other Charges for 2003-2004" and authorized the publication of this notice, commencing April 25, 2003, once a week for three consecutive weeks, in the Buffalo News; and

WHEREAS: The thirty-day period for inspection of the Schedule, and the filing of, has now expired; and

WHEREAS: No protests were filed; and

WHEREAS: It is now in order to adopt the amended "Final Schedule of Sewer Rents and Other Charges for 2003-2004"; and

WHEREAS: Subsequent to the adoption of the proposed "Schedule of Sewer Rents and Other Charges for 2003-2004" the Buffalo Water Board proposes to increase flat rate water charges by 11.8 percent; and

WHEREAS: The Authority's proposed charges of 122.87 percent of flat rate water bills (regular accounts) and 191.57 percent of flat rate water bills (aged exempt accounts) if left unchanged, would have the effect of increasing such sewer rent charges beyond budgetary needs; and

WHEREAS; Based upon the 11.8 percent proposed water increase, the revised requirements are 109.90 percent of water bills (regular accounts) and 171.35 percent of water bills (aged exempt accounts).

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby adopts the amended "Final Schedule of Sewer Rents and Other Charges for 2002-2003", and also, that if the Buffalo Water Board subsequently revises the proposed flat rate water charges by more or less than 11.8 percent, that the Board hereby authorizes the General Manager to adjust the percentage accordingly.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

FINAL AMENDED SCHEDULE OF SEWER RENTS
AND OTHER CHARGES
FOR 2003-2004

TO PROVIDE FUNDS FOR THE FIXED CHARGES AND FOR THE OPERATION AND MAINTENANCE OF THE ENTIRE SEWER SYSTEM IN THE CITY OF BUFFALO AND ALL OF THE BUFFALO SEWER AUTHORITY FACILITIES FOR THE CONVEYANCE, TREATMENT AND DISPOSAL OF SEWAGE AND STORM WATER OPERATED BY THE BUFFALO SEWER AUTHORITY.

I. SEWER RENTS FOR PREMISES SITUATED WITHIN THE LIMITS OF THE CITY OF BUFFALO

(a) \$12,050,000 shall be collected from all real property in the City of Buffalo by apportioning the said amount upon such property within the City of Buffalo as the same is set down on the last completed annual assessment rolls of the City, except that no ad valorem sewer rent shall be assessed against real property exempt from real property taxes pursuant to subdivision one of section four hundred, sections four hundred four, four hundred six, four hundred twelve, four hundred eighteen, subdivision one section four hundred twenty, section four hundred forty-six, four hundred fifty-two, four hundred sixty-two and four hundred seventy-seven of the real property tax law.

(b) In the event a lot, parcel of land, building or premises, other than a city department discharging sewage, water or other liquids into the sewer system, either directly or indirectly, is a user of water supplied by the Buffalo Water Board or from any other source, and the quantity of water used is measured by a water meter acceptable to the Buffalo Sewer Authority, then in each such case, the quantity of water used, as measured by said meter, shall be used to determine the sewer charge or rental, and the charge for such use shall be as follows: the first four thousand (4,000) cubic feet of water used per quarter year shall bear a sewer charge or rental of \$48.30, and any water used in excess thereof shall bear a sewer charge or rental of \$11.09 per thousand cubic feet (\$.0111 per cubic foot);

Provided that the minimum charge shall be \$16.10 per month if the meter is read monthly and \$48.30 per quarter year if the meter is read quarterly.

II. SEWER RENTS FOR PREMISES SITUATED OUTSIDE THE LIMITS OF THE CITY OF BUFFALO

(c) An annual service charge for the privilege of connecting with the facilities of the Authority, using for each \$1,000 of assessed valuation as determined on the last completed annual assessment, the same rate of \$2.71239 per \$1,000 of assessed valuation for 2003-2004.

(d) In the event a lot, parcel of land, building or premises, other than a city department discharging sewage, water or other liquids into the sewer system, either directly or indirectly, is a user of water supplied by the Buffalo Water Board or from any other source, and the quantity of water used is measured by a water meter acceptable to the Buffalo Sewer Authority, then in each such case, the quantity of water used, as measured by said meter, shall be used to determine the sewer charge or rental, and the charge for such use shall be as follows: the first four thousand (4,000) cubic feet of water used per quarter year shall bear a sewer charge or rental of \$48.30, and any water used in excess thereof shall bear a sewer charge or rental of \$11.09 per thousand cubic feet (\$.0111 per cubic foot);

Provided that the minimum charge shall be \$16.10 per month if the meter is read monthly and \$48.30 per quarter year if the meter is read quarterly.

III. GENERAL PROVISIONS

(e) In the event a lot, parcel of land, building or premises discharging sewage, water or other liquids into the sewage system, either directly or indirectly, is a user of water supplied by the Buffalo Water Board, and the quantity of water used is not measured by a water meter acceptable to the Buffalo Sewer Authority, then in each such case, the sewer charge or rental shall be 109.90 percent of the water bill for regular accounts and shall be 171.35 percent of the water bill for qualified senior citizen accounts.

(f) In the event a lot, parcel of land, building or premises discharging sewage, water or other liquids into the sewerage system, with directly or indirectly, uses water obtained from a source other than the Buffalo Water Board, and the water so obtained is not measured by a water meter acceptable to the Buffalo Sewer Authority, then, in each such case, the owner or other interested party shall, at his own expense, furnish, install, and maintain a water meter or other water or sewage measuring device acceptable to the Buffalo Sewer Authority and the quantity of water used, as measured by said meter, or as otherwise determined, shall be used to determine the sewer charge or rental and there shall be charged an amount determined as set forth in paragraphs (c) and (e) as the case may be.

(g) In the event a lot, parcel of land, building or premises discharging sewage, water or other liquids into the sewerage system, either directly or indirectly, uses water in excess of 4,000 cubic feet per quarter year and it can be shown to the satisfaction of the Buffalo Sewer Authority, that a portion of the water as measured by the water meter does not and cannot enter the sewerage system, then the Buffalo Sewer Authority may determine in such manner as may be found practicable the percentage of metered water entering the sewerage system and the quantity of water used to determine the sewer charge or rental shall be that percentage, so determined, of the quantity of water measured by the water meter, or the Buffalo Sewer Authority may require or permit the installation of additional meters or measuring devices in such a manner as to determine the quantity of water or sewage actually entering the sewerage system, in which case the quantity of water used to determine the sewer charge or rental shall be the quantity of water actually entering the sewerage system and so determined.

(h) In the event a lot, parcel of land, building or premises discharges into the sewerage system sewage or other wastes which, in the opinion of the Buffalo Sewer Authority, contain unduly high concentrations or any substances which add to the operating costs of the sewage disposal works, then the Authority may elect to establish special rates of charge, based on the quantity of these substances, which rate of charge may be established in such manner as the Authority may elect, or it may elect to exclude such sewage or other wastes from its facilities.

(i) As a condition of a Buffalo Discharge Elimination System Permit (BPDES), as defined in the Sewer Regulations of the Buffalo Sewer Authority, a user may be required to pay an industrial waste surcharge for discharging a waste stream exhibiting a strength of waste greater than normal domestic sewage. The Industrial Waste Surcharge Formula reflecting the Treatment Plant unit costs for treatment of Biochemical Oxygen Demand (BOD₅) Total Suspended Solids (TSS) and Total Phosphate (TPO₄) is as follows:

$$\text{Surcharge} = 8.34 \text{ QMGY} (0.134 (\text{BOD}_5\text{-250}) + 0.132 (\text{TSS-250}) + 0.013(\text{TPO}_4\text{-15.35}))$$

\$0.134 Cost/lb. for treatment of BOD₅

\$0.132 Cost/lb. for treatment of TSS

\$0.013 Cost/lb. for treatment of TPO₄

QMGY - Annual total industrial and sanitary discharge - water retention

BOD₅ - Average concentration of BOD₅ in waste stream discharged to the Buffalo Sewer Authority

TSS - Average concentration of TSS in waste stream discharged to the Buffalo Sewer Authority

TPO₄ - Average concentration of TPO₄ in waste stream discharged to the Buffalo Sewer Authority

Surchargeable concentrations are as follows:

BOD₅ - Over 250 mg/L; TSS - Over 250 mg/L; TPO₄ - Over 15.35 mg/L

This Formula shall be applied in computing the Buffalo Industrial Waste Surcharge subsequent to July 1, 2002 and ending June 30, 2003 for all users that discharge a waste stream exhibiting a strength of waste greater than normal domestic sewage. In addition, this Formula with the above rates will be used to calculate all monthly, quarterly, semiannual, and annual accounts subsequent to July 1, 2003.

(j) Any user who violates the Sewer Regulations of the Buffalo Sewer Authority or the conditions of the permits issued there under shall be subject to fines as specified in said regulations.

(k) Whenever sewage or other wastes result in conditions in the sewerage system as to cause blockage or a substantial reduction in the flow, charges for the work necessary to eliminate such blockage or reduction in flow may be made, based upon costs of labor, materials, equipment hire, insurances, and other overhead, against the property or premises that caused the discharge of such sewage or other wastes into the sewerage system.

(l) Where sewer facilities have been installed to serve improved and unimproved property and have been paid for in whole or in part by the Buffalo Sewer Authority, a charge shall be made based on a proportionate share of the original cost, determined by the foot frontage of the parcel served, or by the area of such parcels, or by such other method the Authority determines more equitable, as a condition to a permit for a connection to said sewer facilities.

(m) An application and inspection fee of \$100.00 for a residential sewer permit, a \$200.00 fee for a commercial sewer permit, and a \$300.00 fee for an industrial sewer permit shall be paid at the time said application is filed.

(n) All persons owning or operating a pump truck or other transport vehicle and desiring to discharge wastes, directly or indirectly, into sewerage facilities of the Authority shall first secure a valid Truckers Discharge Permit after paying an annual permit fee of \$100.00. In addition to said permit fee, a separate charge shall be billed based upon the quantity and character of the waste discharged and, if applicable, the point of discharge.

The following Surcharge Rates are for such wastehaulers who are located outside the City of Buffalo:

DISCHARGE LOCATION	TOTAL SUSPENDED SOLIDS	BOD ₅	TOTAL PHOSPHATE
Inlet/South Buffalo Pump	\$0.1996/lb	\$0.2007/lb.	\$0.0188/lb.
Mixing Tank	\$0.1739/lb	\$0.1013/lb.	\$0.0188/lb.
Thickener/Digester	\$0.1821/lb	\$0.1058/lb.	\$0.0188/lb.

The above surcharge rates, along with costs incurred when handling, testing, conveying, and administrating each Wastehauler, will be used to determine the cost per gallon of each wastestream. The Wastehauler User Charges for various wastestreams are as follows:

1. Septage and portable toilet wastes - The rate of \$0.030 per gallon discharged will be assigned to all permitted septage and portable toilet wastehaulers.
2. Grease trap wastes - The rate of \$0.10 per gallon discharged will be assigned to all permitted grease trap wastehaulers.
3. Sludge wastes - This rate will vary dependent on strength and volume. Sludge rates will be calculated using the parameter costs for the mixing tank location.
4. Miscellaneous Wastes - This rate will vary dependent on strength of waste, volume and discharge location.

These rates will be used for all permits effective July 1, 2003.

(o) In the event a lot, parcel of land, building, structure, premises or person threatens to discharge or discharges sewage or waste into or near the Buffalo Sewer Authority's publicly owned treatment works, either directly or indirectly, which in the opinion of the Buffalo Sewer Authority will or is likely to bypass, upset, harm or endanger the facilities of the Buffalo Sewer Authority, then such person or the owner or operator of such lot, parcel of land, building, structure or premises shall pay to the Buffalo Sewer Authority charges for any and all clean up and removal costs actually incurred by the Buffalo Sewer Authority, including but not limited to labor, materials, equipment, insurances or laboratory services for the (i) containment or attempted containment of such discharge or threatened discharge, (ii) sampling and analysis of such discharge or threatened discharge, (iii) removal or attempted removal of such discharge or threatened discharge, (iv) taking of reasonable measures to prevent or mitigate damage to property, public health, safety or welfare, or (v) treatment, storage or disposal of such discharge or threatened discharge.

(p) All industrial users shall pay to the Buffalo Sewer Authority a charge for the actual costs of analysis incurred by the Buffalo Sewer Authority for the annual monitoring of any an all discharges of such industrial users.

- (q) Any person who is granted a temporary permit to discharge into the facilities of the Buffalo Sewer Authority shall pay a permit fee of \$300.00 to the Buffalo Sewer Authority as a condition of the issuance of such permit.
- (r) Except as otherwise defined herein, all terms and phrases used or contained in this schedule of sewer rents shall bear the same meaning and definition as set forth in the Buffalo Sewer Authority's Sewer Use Regulations 21 N.Y.C.R.R. Part 10075.
- (s) Sewer rents as herein provided shall be payable at the office of the Director of the Treasury for the City of Buffalo and shall become due as follows:
1. So much of the Sewer rents as are based upon water use shall become payable from the first day of July 1938, and shall be billed and shall become payable at the same time that water bills covering the respective premises become due and payable;
 2. So much of the charge as is based upon the assessed valuation of chargeable real estate shall become payable from the first day of July 1938, and each year thereafter, and may be paid without interest on or before September 30th next succeeding, and if not paid by such date shall be charged at a rate of 18% per annum.

Except as provided in (s) 2 herein, interest will continue to be charged at the rate of 18 percent per annum upon Buffalo Sewer Authority billings based upon water use (i) if issued quarterly which remain unpaid 90 days after the billing date, and (ii) if issued monthly which remain unpaid 30 days after the billing date, all other Buffalo Sewer Authority billings which remain unpaid 45 days after billing date. All users shall be subject to paying reasonable costs and expenses, including attorney fees incurred in the collection of sewer rents that remain unpaid, as may be determined by the Board of the Buffalo Sewer Authority.

IV. LIEN OF SEWER RENT

From and after the due date thereof, such sewer rents shall constitute a lien upon the real property served by the facilities. Such lien shall have the same priority and superiority as the lien of the general tax of the City.

V. EFFECTIVE DATE OF THIS AMENDED SCHEDULE

This amended schedule of sewer rents shall become effective July 1, 2003.

Provided, however, that the sewer rents herein set forth, applicable to water use, shall become effective on all billings on and after August 1, 2003, excepting only monthly metered accounts for July 2003, and Section "W" of the quarterly metered accounts for the period May, June, and July 2003, which shall be billed at the rents in effect prior to July 1, 2003.

ITEM NO. 5

BUFFALO SEWER AUTHORITY POLICY – CAPITAL ASSETS (ATTACHMENT A)

WHEREAS: The Buffalo Sewer Authority has contracted with Deloitte and Touche, Certified Public Accountants, for consulting services with regard to the implementation of Governmental Accounting Standards Board Statement No. 34; and

WHEREAS: Deloitte and Touche has recommended that the Buffalo Sewer Authority develop a capitalization policy that establishes the basis for inventory, values of capital and infrastructure assets, and depreciation calculations; and

WHEREAS: The Buffalo Sewer Authority has developed a Capital Asset Guide (Attachment A) that establishes these policies.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves the “Capital Asset Guide for Buffalo Sewer Authority”(Attachment A), which establishes the basis for inventory, values of capital and infrastructure, and depreciation calculations.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

Board Meeting of June 18, 2003

ITEM NO. 6

REPORT ON BIDS RECEIVED - NATURAL GAS SUPPLY

WHEREAS: Informal bids were solicited to supply natural gas to the Treatment Plant for various terms beginning July 1, 2003. The following bids were received:

<u>Terms</u>	<u>Bidder</u>	<u>Cost</u>
8-month	Select Energy	\$1.05000/Dth + NYMEX
	NOCO Energy	\$0.81500/Dth + NYMEX
	National Fuel Resources	\$0.75500/Dth + NYMEX
12-month	Select Energy	\$1.00000/Dth + NYMEX
	NOCO Energy	\$0.75000/Dth + NYMEX
	National Fuel Resources	\$0.71500/Dth + NYMEX

; and

WHEREAS: The General Manager and Sewer Authority consultants, Malcolm Pirnie, reviewed the bids and recommend awarding a 12-month contract to National Fuel Resources. National Fuel Resources has submitted the lowest responsible bid for natural gas supply for the contract term on a variable price basis, at a cost of \$0.71500 per dekatherm, plus monthly closing price on the New York Mercantile Exchange (NYMEX), for delivery to the National Fuel Gas Distribution Company City Gate; and

WHEREAS: Buffalo Sewer Authority has the option to switch the contract to a fixed price at any time with notification to National Fuel Resources; and

WHEREAS: Due to time constraints, the Board was polled on May 28, 2003, and verbally authorized the General Manager to enter into a contract with the lowest responsible bidder; and

WHEREAS: It is now necessary to formally ratify that authorization.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby formally authorizes the General Manager to enter into and execute a contract for a 12-month period with National Fuel Resources for natural gas supply on a variable price basis, at a cost of \$0.71500 per dekatherm, plus monthly closing price on the New York Mercantile Exchange (NYMEX), and further authorizes the General Manager to switch the contract to a fixed price at any time expected to minimize future natural gas costs.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

ITEM NO. 7

REPORT ON BIDS RECEIVED - ELECTRIC POWER SUPPLY

WHEREAS: Informal bids were solicited for electrical power to be supplied for various terms commencing with the first meter read after June 1, 2003. The following bids were received:

<u>Terms</u>	<u>Bidder</u>	<u>Blended Price per kWh</u>
8-month	Select Energy	\$0.06319
	NYSEG Solutions	\$0.06310
	Constellation NewEnergy	\$0.05950
12-month	Select Energy	\$0.06059
	NYSEG Solutions	\$0.05955
	Constellation NewEnergy	\$0.05810
20-month	Select Energy	\$0.06131
	NYSEG Solutions	\$0.05770
	Constellation NewEnergy	\$0.05630

; and

WHEREAS: The bid price includes energy only. There are additional charges for transmission and distribution as regulated by the NYS Public Service Commission. These charges are currently estimated at \$0.028 per kilowatt hour; and

WHEREAS: The General Manager and Sewer Authority consultants, Malcolm Pirnie, reviewed the bids and recommend awarding a 20-month contract to the low bidder, Constellation NewEnergy; and

WHEREAS: Due to time constraints, the Board was polled on May 28, 2003, and verbally authorized the General Manager to enter into a contract with the lowest responsible bidder; and

WHEREAS: It is now necessary to formally ratify that authorization.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby formally authorizes the General Manager to enter into and execute a contract for a 20-month period with Constellation NewEnergy to supply electrical power at the Treatment Plant for a blended price per kWh of \$0.05630.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

ITEM NO. 8

AUTHORIZATION FOR URS CORPORATION TO PERFORM ON-SITE AIR COMPLIANCE AUDIT

WHEREAS: The Buffalo Sewer Authority, under Title V of the Clean Act Amendment, is required to ensure compliance with Federal and State air emission regulations; and

WHEREAS: A proposal has been received from URS Corporation to provide an onsite audit at the Treatment Plant to determine compliance of all Federal and State air emission requirements for the sludge burning incinerators at a cost not to exceed \$9,750.00; and

WHEREAS: URS Corporation prepared the original Title V Inventory and Compliance Plan and have the knowledge and expertise to complete this project to meet Buffalo Sewer Authority’s needs; and

WHEREAS: The Treatment Plant Superintendent, Treatment Plant Administrator, and staff have reviewed this proposal and recommend acceptance.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to accept the proposal received from URS Corporation to perform an on-site air compliance audit at a total cost not to exceed \$9,750.00. Funds are available in account no. 00380106-432004.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

Board Meeting of June 18, 2003

ITEM NO. 9

REPORT ON BIDS RECEIVED-PURCHASE OF VARIOUS CAST IRON CASTINGS

WHEREAS: Formal bids were advertised and solicited for the purchase of the following various cast iron castings:

- 1) (200) standard manhole frames and covers
 - 2) (25) coalhole frames and covers
 - 3) (25) coalhole covers only
 - 4) (50) 11 1/2" x 23" cast iron grates
 - 5) (75) 23" x 23" cast iron grates
 - 6) (50) dark 12" x 18 1/8" cast iron grates
 - 7) (50) dark 13" x 18 1/8" cast iron grates
 - 8) (50) dark 18 1/8" x 18 1/8" cast iron grates
- ; and

WHEREAS: The following bids were received and opened by the Buffalo Sewer Authority Purchase Department on May 22, 2003:

- 1) Neenah Foundry \$ 53,207.50
 - 2) Syracuse Castings \$ 47,150.00 (no quote on items 2 & 3)
- ; and

WHEREAS: The Director of Sewer Maintenance recommends purchase of items 1, 5 and 8 from Syracuse Castings at a total cost of \$39,500.00, and items 2, 3, 4, 6 and 7 from Neenah Foundry at a total cost of \$12,262.50.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to purchase items 1, 5 and 8 from Syracuse Castings at a total cost of \$ 39,500.00 and to purchase items 2, 3, 4, 6 and 7 from Neenah Foundry at a total cost of \$12,262.50. This purchase will be charged to the Sewer Construction Road and Highway account no. 00660105-466269.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

Board Meeting of June 18, 2003

ITEM NO. 10

REPORT ON BIDS RECEIVED - PURCHASE OF VARIOUS STEEL PRODUCTS

WHEREAS: Formal bids were advertised and solicited for the purchase of the following various steel products:

- 1) (30) dark steel receiver bottom section with slide
 - 2) (25) dark 24" steel receiver top section
 - 3) (50) dark 20" steel receiver top section
 - 4) (50) dark 18" steel receiver top section
 - 5) (25) dark 16" steel receiver top section
 - 6) (50) dark 8" steel curb box
 - 7) (100) 2'x2' steel frame
- ; and

WHEREAS: The following bids were received and opened by the Buffalo Sewer Authority Purchase Department on May 22, 2003:

- 1) Goergen Mackwirth \$ 105,071.51
 - 2) Emcom Industries \$ 52,743.00
 - 3) Buffalo Metal Forming \$ 36,400.00
- ; and

WHEREAS: The Director of Sewer Maintenance recommends the purchase of items 1, 2, and 7 from Buffalo Metal Forming at a total cost of \$22,600.00, and items 3, 4, 5, and 6 from Emcom Industries at a total cost of \$12,868.00.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to purchase items 1, 2, and 7 from Buffalo Metal Forming at a total cost of \$22,600.00 and items 3, 4, 5, and 6 from Emcom Industries at a total cost of \$12,868.00. This purchase will be charged to the Sewer Construction Road and Highway account no. 00660105-466269.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

ITEM NO. 11

AUTHORIZATION TO ENTER INTO AN ENGINEERING AGREEMENT WITH MALCOLM PIRNIE, INC., FOR PRE-DESIGN OF SLUDGE DEWATERING SYSTEM IMPROVEMENTS AT THE BIRD ISLAND WASTEWATER TREATMENT PLANT

WHEREAS: The Buffalo Sewer Authority wants to improve the efficiency of the Dewatering System at the Bird Island Wastewater Treatment Plant; and

WHEREAS: To improve the efficiency of the Dewatering System, the existing belt presses should be replaced with new centrifuge units; and

WHEREAS: A proposal was submitted by Malcolm Pirnie, Inc., to perform the required pre-design work in two (2) phases at a cost not to exceed \$642,624.00; and

WHEREAS: The pre-design work will include verification of the basis of design and thirty percent design; and

WHEREAS: The Treatment Plant Administrator and her committee have reviewed the proposal and recommends entering into a contract with Malcolm Pirnie, Inc.; and

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to enter into and execute a contract with Malcolm Pirnie, Inc., for Engineering Services for pre-design of Sludge Dewatering System Improvements at the Bird Island Wastewater Treatment Plant at a cost not to exceed \$642,624.00. Funds for this contract will be charged to account no. 02000201-432004.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

Board Meeting of June 18, 2003

ITEM NO. 12

TUITION REIMBURSEMENT

WHEREAS: In accordance with the Agreements between the Buffalo Sewer Authority and CSEA Local 815 and the Communications Workers of America, the following Buffalo Sewer Authority employees have applied for Tuition Reimbursement:

<u>EMPLOYEE</u>	<u>SCHOOL/COURSE</u>	<u>TUITION%</u>	<u>REIMBURSEMENT TOTAL</u>
James Eagan	University at Buffalo <i>Hydraulic Engineering</i>	50%	\$408.50
Anthony Hazzan	Canisius College <i>Organizational Behavior</i>	90%	\$1,807.83
Charles Riley	Erie Community College <i>Intro to Accounting</i>	90%	\$368.10
Kenneth Sawyer	Adult Learning Center <i>Facilities Management Maintenance I & II</i>	100%	\$250.00

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves the above applications for Tuition Reimbursement totaling \$2,834.43. This Reimbursement will be charged to Account No. 00800108-480214.

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

Board Meeting of June 18, 2003

ITEM NO. 13

ADJOURNMENT OF MEETING

MOTION TO _____

MADE BY _____

2ND BY _____

AYES _____ NOES _____

Board Meeting of June 18, 2003

ATTACHMENT A

Capital Asset Guide

for

Buffalo Sewer Authority

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I. Capital Asset Definitions and Guidelines

Capital Asset Classifications

Capital assets are assets purchased or constructed by the Buffalo Sewer Authority (the “Authority”) that have a useable life of 2 or more years and that have a value equal to or greater than the established capitalization threshold. The following categories are used for Buffalo Sewer Authority.

- Land
- Land Improvements
- Buildings
- Building Improvements
- Machinery and Equipment
 - Office Equipment
 - Furniture
 - Computers
 - Vehicles
 - Heavy Equipment
 - Other
- Infrastructure
 - Roads
 - Sewer System
- Works of Art and Historical Treasures
- Construction in Progress

Capitalization Thresholds and Useful Lives

Class of Asset	Threshold	Useful Life
Land	\$5,000	Note 1
Land Improvements	\$5,000	20
Buildings	\$5,000	40
Building Improvements:	\$5,000	20
Machinery and Equipment:	\$5,000	
Office Equipment	\$5,000	10
Furniture	\$5,000	10
Computers	\$5,000	3
Vehicles	\$5,000	5
Heavy Equipment	\$5,000	10
Other	\$5,000	5
Infrastructure:	\$5,000	
Roads	\$5,000	20
Sewer System	\$5,000	50
Works of Art and Historical Treasures	\$5,000	Note 2
Construction in Progress	\$5,000	Note 3
<p>Note 1 – Assets are not depreciated.</p> <p>Note 2 – Depreciation is not required for Works of Art and Historical Treasures that are inexhaustible. If collection/items are exhaustible, then depreciate over estimated useful life.</p> <p>Note 3 – Depreciation will not be recorded on Construction in Progress. Upon completion the asset will be recorded in the appropriate asset classification and depreciation will begin.</p>		

Capital Asset Acquisition Cost

- Capital assets should be recorded at their historical costs. The cost of a capital asset should include any ancillary costs that are necessary to place the asset in its intended condition for use. These include the vendor's invoice (plus the value of any trade-in, if reflected on the invoice), initial installation cost (excluding in-house labor), modifications, attachments, accessories or apparatus necessary to make the asset usable and render it into service. Historical costs also include charges such as freight and transportation charges, site preparation costs and professional fees. The costs of capital assets for government activities do not include capitalized interest.

Capital Asset Donations

Donated capital assets should be reported at fair value at the time of acquisition plus ancillary charges, if any. Donations are defined as voluntary contributions of resources to a governmental entity.

Note: Fair value is the amount at which an asset could be exchanged in a current transaction between willing parties.

Modified Accrual Basis - Do not report revenue from the donation of a capital asset when using the modified accrual basis except in the following situation:

If the Authority receives a donation of a capital asset and intends to sell the asset immediately, revenue should be recognized in the period the asset is donated, and the capital asset should be reported in the same fund used to report the revenue as "Assets Held for Sale." Intent to sell should be evidenced by a sale of or contract to sell the capital asset before financial statements are issued.

Revenue should be measured at the amount at which the capital asset is sold or its contract price. If the Authority does not intend to sell the donated capital asset immediately or does not meet the criteria for intent to sell stated above, the donation should not be reported in the operations of the governmental funds.

Revenue from donations of financial resources such as cash, securities or capital assets should be recognized when the entity has an enforceable legal claim to the donation and when it is probable the donation will be received - regardless of when the financial resources are actually received. Revenue should be measured at the fair value of the financial resource donated.

Full Accrual Basis - According to GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions* entities currently using

proprietary fund accounting must recognize capital asset donations as revenues and not as contributed capital.

Governmental funds will have to meet the standards of GASB Statement No. 33. Donations must be recorded and reported at fair value on the date of acquisition. Recipients of donated capital assets will recognize the donation and related revenue when the transaction is complete and the assets are received, providing all eligibility requirements have been met. Promises of capital asset donations should be recognized as receivables and revenues (net of estimated uncollectible amounts) when all applicable eligibility requirements have been met, providing that the promise is verifiable and the resources are measurable and probable of collection.

In some cases, donated capital assets are given with the stipulation (time requirement) that the assets cannot be sold, disbursed or consumed until a specified number of years have passed or a specific event has occurred. For such cases, the capital asset should be reported in the statement of Net Assets as "*Net Assets -- Restricted*" as long as the restrictions or time requirements remain in effect.

Leased Equipment

Equipment should be capitalized if the lease agreement meets any one of the following criteria:

- The lease transfers ownership of the property to the lessee by the end of the lease term.
 - The lease contains a bargain purchase option.
 - The lease term is equal to 75 percent or more of the estimated economic life of the leased property.
 - The present value of the minimum lease payments at the inception of the lease, excluding executory costs, equals at least 90 percent of the fair value of the leased property.

Leases that do not meet any of the above requirements should be recorded as an operating lease and reported in the notes of the financial statements.

Depreciating Capital Assets

Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible.

The straight-line depreciation method (historical cost less residual value, divided by useful life) is method that will be used.

Depreciation will be calculated on an annual basis. The first year of depreciation will be included in the first year following the completion or acquisition of the asset. Accumulated depreciation will be summarized and posted to the accounting general ledger

Residual Value

Residual value is the estimated fair value of a capital asset or infrastructure remaining at the end of its useful life. In order to calculate depreciation for an asset, the estimated residual value must be established before depreciation can be calculated. The use of historical sales information becomes a valuable method for determining the estimated residual value. Proceeds from sale of assets must be netted against residual value in computing net gain or loss from sale.

The Authority generally purchases assets with the intent to use such assets until its usefulness is exhausted. Therefore, the Authority will estimate residual value to be zero for all capital assets.

Sale of Capital Assets

When an asset is sold, a gain or loss must be recognized when:

- cash is exchanged and the amount paid does not equal the net book value of the asset
- cash is not exchanged and the asset is not fully depreciated or has a residual value

A gain or loss **is not** reported when:

- cash exchanged equals the net book value and the asset does not have a residual value
- cash is not exchanged and the asset is fully depreciated and has no residual value

Computation of Gain and Loss from Sale of Assets

To compute a gain or loss, proceeds received must be subtracted from the asset's net book value.

Example:	Asset's Historical Cost	\$ 10,000
	Less Accumulated Depreciation	<u>7,000</u>
	Net Book Value	\$ 3,000
	Subtract Proceeds Received	<u>2,000</u>
	Loss from Sale of Asset	\$ 1,000

If the asset has been fully depreciated and has a residual value, then the proceeds must be subtracted from the residual value to compute the gain or loss.

Example:	Asset's Historical Cost	\$ 10,000
	(residual value - \$1,000)	
	Less Accumulated Depreciation	<u>9,000</u>
	Residual Value	\$ 1,000

Subtract Proceeds Received	<u>2,000</u>
Gain from Sale of Asset	\$ 1,000

II. Capital Asset Categories

Land

Land Definition

Land is the surface or crust of the earth, which can be used to support structures, and may be used to grow crops, grass, shrubs, and trees. Land is characterized as having an unlimited life (indefinite).

Depreciation Methodology

Land is an inexhaustible asset and is not depreciated.

Capitalization Threshold

The Capitalization threshold for land is \$5,000.

Examples of Expenditures to be Capitalized as Land

- Purchase price or fair market value at time of acquisition
 - Commissions
 - Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.)
 - Accrued and unpaid taxes at date of purchase
 - Other costs incurred in acquiring the land
 - Right-of-way
-

Land Improvements

Land Improvement Definition

Land improvements consist of betterments, site preparation and site improvements (other than buildings) that ready land for its intended use. Land improvements include such items as excavation, non-infrastructure utility installation, driveways, sidewalks, parking lots, flagpoles, retaining walls, fences, and outdoor lighting. They can be exhaustible or non-exhaustible.

Non-Exhaustible land improvements – Expenditures for improvements that do not require maintenance or replacement. Expenditures to bring land into condition to commence erection of structures, and expenditures for land improvements that do not deteriorate with use or over the passage of time are additions to the cost of land and are generally not exhaustible and therefore not depreciated.

Exhaustible land improvements – Expenditures for improvements that are part of a site, such as parking lots, landscaping and fencing, are usually exhaustible and are depreciated.

Depreciation Methodology

Land improvements that are inexhaustible assets are not depreciated. Exhaustible land improvements are depreciated on a straight-line basis over 20 years. The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for exhaustible land improvements.

Capitalization Threshold

The Capitalization threshold for land improvements is \$5,000.

Examples of Expenditures to be Capitalized as Land Improvements

- Site improvements such as excavation, fill, grading, and utility installation
- Removal, relocation, or reconstruction of property of others (railroad, telephone and power lines)
- Fencing
- Landscaping
- Parking lots
- Retaining walls

Buildings

Building Definition

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. Buildings that are an ancillary part of the Authority's system network, such as outlying stations will be reported as infrastructure rather than as buildings.

Depreciation Methodology

The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for buildings.

Capitalization Threshold

The capitalization threshold for buildings is \$5,000.

Examples of Expenditures to be Capitalized as Buildings

Purchased Buildings

- Original purchase price
- Expenses for remodeling, reconditioning or altering a purchased building to make it ready to use for the purpose for which it was acquired
- Environmental compliance (i.e., asbestos abatement)
- Professional fees (legal, architect, inspections, title searches, etc.)
- Payment of unpaid or accrued taxes on the building to date of purchase
- Cancellation or buyout of existing leases
- Other costs required to place the asset into operation

Constructed Buildings

- Completed project costs
- Cost of excavation or grading or filling of land *for a specific building*
- Expenses incurred for the preparation of plans, specifications, blueprints, etc.
- Professional fees (architect, engineer, management fees for design and supervision, legal)
- Costs of temporary buildings used during construction
- Unanticipated costs such as rock blasting, piling, or relocation of the channel of an underground stream
- Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
- Additions to buildings (expansions, extensions, or enlargements)

Building Improvements

Building Improvement Definition

Building improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized as a betterment and recorded as an addition of value to the existing building if the expenditure for the improvement is at the capitalization threshold, or the expenditure increases the useful life or value of the building.

Depreciation Methodology

The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for building improvements and their components..

Capitalization Threshold

The capitalization threshold for building improvements is \$5,000.

Examples of Expenditures to be Capitalized as Improvements to Buildings

Note: For a replacement to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value, and/or useful life of the building. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to original utility level would not. Determinations must be made on a case-by-case basis.

- Conversion of attics, basements, etc., to usable office, clinic, research or classroom space
- Structures *attached* to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.
- Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents
- Original installation/upgrade of wall or ceiling covering such as carpeting, tiles, paneling, or parquet
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation such as installation or replacement of siding, roofing, masonry,

- etc.
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building).

Other costs associated with the above improvements

Maintenance Expense

The following are examples of expenditures *not* to capitalize as improvements to buildings. Instead, these items should be recorded as maintenance expense.

- Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building
- Improvement projects of minimal or no added life expectancy and/or value to the building
- Plumbing or electrical repairs
- Cleaning, pest extermination, or other periodic maintenance
- Interior decoration, such as draperies, blinds, curtain rods, wallpaper
- Exterior decoration, such as detachable awnings, uncovered porches, decorative fences, etc.
- Maintenance-type interior renovation, such as repainting, touch-up plastering, replacement of carpet, tile, or panel sections; sink and fixture refinishing, etc.
- Maintenance-type exterior renovation such as repainting, replacement of deteriorated siding, roof, or masonry sections
- Replacement of a part or component of a building with a new part of the same type and performance capabilities, such as replacement of an old boiler with a new one of the same type and performance capabilities
- Any other maintenance-related expenditure which does not increase the value of the building

Machinery and Equipment

Machinery and Equipment Definition

Fixed or movable tangible assets to be used for operations, the benefits of which extend beyond one year from date acquired and rendered into service. Improvements or additions to existing personal property that constitute a capital outlay or increase the value or life of the asset should be capitalized as a betterment and recorded as an addition of value to the existing asset.

Note: Costs of extended warranties and/or maintenance agreements, which can be separately identified from the cost of the equipment, should not be capitalized.

Categories of Machinery and Equipment

- Office equipment
- Furniture
- Computers
- Vehicles
- Heavy Equipment
- Other

Capitalization Threshold

The capitalization threshold for machinery and equipment is \$5,000.

Depreciation Methodology

The straight-line depreciation method (historical cost less residual value divided by useful life) will be used for machinery and equipment.

Examples of Expenditures to be Capitalized as Machinery and Equipment

- Original contract or invoice price
 - Freight charges
 - Handling and storage charges
 - In-transit insurance charges
 - Sales, use, and other taxes imposed on the acquisition
 - Charges for testing and preparation for use
 - Costs of reconditioning used items when purchased
 - Computer software and hardware
 - Parts and labor associated with the construction of equipment
 - Road Graders and other heavy construction equipment
 - Dump trucks and passenger cars
 - Lawn maintenance equipment, compressors, and tool kits
-

Infrastructure

Infrastructure Definition

Assets that are long-lived capital assets that normally is stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature.

Infrastructure Improvements

Infrastructure improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized as a betterment and recorded as an addition of value to the infrastructure if the improvement or addition of value is at the capitalization threshold or increases the life or value of the asset .

Jointly Funded Infrastructure

Infrastructure paid for jointly by multiple governmental entities should be capitalized by the entity responsible for future maintenance.

Maintenance Costs

Maintenance costs are recurring costs that allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

Preservation Costs

Preservation costs are generally considered to be those outlays that extend the useful life of an asset beyond its original estimated useful life, but do not increase the capacity or efficiency of the asset. Preservation costs should be capitalized under the depreciation approach.

Additions and Improvements

Additions and improvements are those capital outlays that generally increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by an asset. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. A change in efficiency maintains the same service level, but at a reduced cost. The cost of additions and improvements should be capitalized..

Depreciation Methodology

The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for infrastructure assets.

Capitalization Threshold

The capitalization threshold for infrastructure is \$5,000.

Infrastructure Classifications

- Bridges (includes culverts)
- Roads
- Sewer System

Examples of Expenditures to be Capitalized as Infrastructure

- Roads, streets, curbs, gutters, sidewalks, fire hydrants
- Bridges, culverts, trestles
- Dams, drainage facilities
- Electric, water and gas (main lines and distribution lines, tunnels)
- Fiber optic and telephone distribution systems (between buildings)
- Light system (outdoor, street, etc.)
- Signage
- Sewer systems (sanitary sewer lines, storm drainage lines, receivers, pump stations, retention basins, etc.)
- Water systems

Works of Art and Historical Treasures

Works of Art and Historical Treasures Definition

Collections or individual items of significance that are owned which are not held for financial gain, but rather for public exhibition, education or research in furtherance of public service. Collections or individual items that are protected and cared for or preserved and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Exhaustible collections or items - items whose useful lives are diminished by display or educational or research applications.

Inexhaustible collection or items - where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

Depreciation Methodology

The straight-line depreciation method (historical cost less residual value, divided by useful life) will be used for exhaustible collections. Inexhaustible items are not depreciated.

Capitalization Threshold

All works of art and historical treasures acquired or donated will be capitalized.

If a collection is held for financial gain and not capitalized, disclosures must be made in the notes that provide a description of the collection and the reasons these assets are not capitalized. When donated collection items are added to noncapitalized collections, program expense equal to the amount of revenues should be recognized.

Examples of Expenditures to be Capitalized as Works of Art and Historical Treasures

- Collection of rare books, manuscripts
- Maps, documents and recordings
- Works of art such as paintings, sculptures, and designs
- Artifacts, memorabilia, exhibits
- Unique or significant structures

Construction in Progress

Construction in Progress Definition

Construction in Progress reflects the economic construction activity status of buildings and other structures, infrastructure (highways, energy distribution systems, pipelines, etc.), additions, alterations, reconstruction, installation, and maintenance and repairs, which are substantially incomplete.

Depreciation Methodology

Depreciation is not applicable while assets are accounted for as Construction in Progress. Upon asset completion and placement into service, the value of such asset is removed from Construction in progress. Depreciation then begins based upon depreciation life of the appropriate asset category. See appropriate capital asset category when asset is capitalized.

Capitalization Threshold

Construction in progress assets should be capitalized to their appropriate capital asset categories upon the earlier occurrence of execution of substantial completion contract documents, occupancy, or when the asset is placed into service.