

**MINUTES OF THE REGULAR MEETING
OF THE
BUFFALO SEWER AUTHORITY
February 9, 2005**

50311.....50335

BUFFALO SEWER AUTHORITY

February 9, 2005

REGULAR MEETING

9:00 A.M.

1038 CITY HALL

<u>ITEM NO.</u>	<u>CONTENTS</u>	<u>PAGE NO.</u>
	Roll Call	
1	Motion to Adopt the Minutes of January 5, 2005	50311
2	Temporary Investments (Certificates of Deposit and Treasury Bills)	50312-13
3	Report on the Condition of the Capital Improvement Fund	50314
4	Report on the Condition of the Liability and Casualty Reserve Fund	50315
5	Approval of the Annual Report Covering Fiscal Year Ended June 30, 2004	50316
6	Revision to the Buffalo Sewer Authority Policy – Capital Assets (Attachment A)	50317
7	Buffalo Sewer Authority Policy – Purchasing Guidelines (Attachment B)	50318
8	Claim Against Liability and Casualty Reserve Fund	50319
9	Authorization for Change Order to Purchase Order No. 20500170	50320
10	Amendment of Sole Source Listing	50321
11	Authorization to Purchase Replacement Parts for Infilco Degremont Climber Screens	50322
12	Authorization for Increase for Fiscal Year 2004-2005 for Fireye Brand Products	50323
13	Report on Bids Received – Sludge Dewatering System Improvements – Emergency Contract	50324-25
14	Change Order No. 3 – Contract No. 84500005	50326-27

15	Change Order No. 1 – Contract No. 84500006	50328-30
16	Amendment to Schedule Of Job Classification Plan	50331
17	Confirmation of Appointment	50332
18	Tuition Assistance	50333
19	Tuition Reimbursement	50334
20	Adjournment	50335

ITEM NO. 2

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

January 27, 2005

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
CAPITAL IMPROVEMENT FUND						
15-Apr-02	Money Market		\$500,000.00	Chase	2.21%	High Yield
CONSTRUCTION FUND						
08-Apr-02	Money Market		\$10,863,887.31	Chase	2.21%	High Yield
LIABILITY AND CASUALTY RESERVE FUND						
22-Apr-02	Money Market		\$1,145,820.88	Chase	2.21%	High Yield
OPERATING FUND						
08-Apr-02	Money Market		\$3,158,433.54	Chase	2.21%	High Yield
TRUST & AGENCY FUND						
06-May-02	Money Market		\$31,023.71	Chase	2.21%	High Yield
SURPLUS FUND						
01-Sep-04	03-Feb-05	155	\$3,719,759.86	M&T Securities	1.75%	\$28,240.14
NET REVENUE FUND						
			\$397.17	MTB Funds		
25-Oct-04	25-Feb-05	123	\$4,327,673.76	M&T Securities	1.97%	\$29,326.24
24-Nov-04	25-Mar-05	121	\$1,199,856.94	M&T Securities	2.25%	\$9,143.06
23-Dec-04	25-Apr-05	123	\$4,400,079.49	M&T Securities	2.37%	\$35,920.51
27-Sep-04	25-May-05	240	\$2,502,835.06	M&T Securities	2.02%	\$34,164.93
31-Dec-04	30-Jun-05	181	\$797,262.20	M&T Securities	2.40%	\$9,737.80
25-Jan-05	30-Jun-05	156	\$1,000,598.13	M&T Securities	2.60%	\$11,404.87
			\$14,228,702.75			
DEBT RESERVE FUND						
30-Jun-04	31-May-06	700	\$1,156,364.75	Series F U.S. Treasury Notes	2.50%	
23-Sep-03	15-Aug-08	1788	\$7,350,000.00	Series I M&T Securities	3.25%	\$119,437.50
13-Mar-03	15-Apr-32		\$2,825,593.00	Series H SLG	4.35%	(2/15/05)
04-Mar-04	15-Nov-33		\$774,061.00	Series J SLG	3.82%	
22-Jul-04	15-Feb-33		\$498,654.00	Series K SLG	5.26%	

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
CONSTRUCTION FUND SERIES H						
13-Jan-05	03-Feb-05	21	\$1,193,501.27	M&T Securities	2.15%	\$1,498.73
20-Jan-05	10-Feb-05	21	\$1,134,498.73	M&T	2.22%	\$1,469.18
27-Jan-05	17-Feb-05	21	<u>\$882,687.84</u>	M&T	2.34%	\$1,204.87
			\$3,210,687.84			
CONSTRUCTION FUND SERIES J						
			\$0.14	MTB Funds		
27-Jan-05	10-Feb-05	14	<u>\$34,755.40</u>	M&T	2.31%	\$31.22
			\$34,755.54			
CONSTRUCTION FUND SERIES K						
20-Jan-05	03-Feb-05	14	\$1,299,902.10	M&T Securities	2.17%	\$1,097.90
27-Jan-05	10-Feb-05	14	<u>\$1,394,020.28</u>	M&T	2.31%	\$1,252.29
			\$2,693,922.38			

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Board Meeting of February 9, 2005

ITEM NO. 3

INFORMATIVE: REPORT ON THE CONDITION OF THE CAPITAL IMPROVEMENT FUND

Balance July 1, 2004		\$	500,403.43	
(Temporary Investments & Cash)				
Interest on Investments			4,307.84	
Transfers from Operating Fund			0.00	
Transfers to Operating Fund			(3,821.25)	
				500,890.02
Less: Expenditures			0.00	
Encumbrances			0.00	0.00
Unallocated Funds as of December 31, 2004				\$ 500,890.02
Expenditures:			0.00	
Total Expenditures				0.00
Encumbrances:			0.00	
Total Encumbrances				0.00
ENCUMBRANCES AND EXPENDITURES FOR 7/1/04 - 12/31/04				\$ 0.00

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ITEM NO. 4

INFORMATIVE: REPORT ON THE CONDITION OF THE LIABILITY AND CASUALTY RESERVE FUND

The Resolution that created the Liability and Casual Reserve Fund provides that:

“The General Manager shall regularly and not less than semi-annually render to the Board a detailed report of the operation and condition of the Liability and Casualty Reserve Fund.”

Fund Balance as of June 30, 2004	\$1,137,494.73
Interest Earnings	9,825.64
Less: Claims Paid	<u>\$1,499.49</u>
Fund Balance as of December 31, 2004	<u>\$1,145,820.88</u>

During the period of July 1, 2004 – December 31, 2004, the B.S.A. settled 11 claims. Eight (8) claims were denied. One claim was removed from our pending file due to age. Two claims resulted in cash payments from the B.S.A. totaling \$1,499.49.

Total Active Claims Pending

Bodily Injury	18
Property Damage	24
Auto B.I. & P.D	2
Other Liability	<u>1</u>
Total	45

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Board Meeting of February 9, 2005

ITEM NO. 5

APPROVAL OF THE ANNUAL REPORT COVERING FISCAL YEAR ENDED JUNE 30, 2004

WHEREAS: The Annual Report of the Buffalo Sewer Authority has been made available to your Honorable Body; and

WHEREAS: It is the custom of the Board to adopt this report.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves and adopts the Annual Report for the fiscal year ended June 30, 2004.

MOTION TO APPROVE
MADE BY MR. KENNEDY
2ND BY MS. WILSON-DIVINCENZO
AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 6

**REVISION TO BUFFALO SEWER AUTHORITY POLICY – CAPITAL ASSETS
(ATTACHEMENT A)**

WHEREAS: The Buffalo Sewer Authority has a Capital Asset Guide that establishes the basis for inventory, values of capital and infrastructure assets, and depreciation calculations; and

WHEREAS: The Capital Asset Guide needed to be revised to specify the amount of depreciation on an asset in the year of its disposition; and

WHEREAS: The following sentence was added to explain this revision: “In the year of disposition, all assets will be depreciated for the entire year regardless of when the asset was disposed.”

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

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2ND BY MS. WILSON-DIVINCENZO

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 7

BUFFALO SEWER AUTHORITY POLICY – PURCHASING GUIDELINES
(ATTACHEMENT B)

WHEREAS: The Buffalo Sewer Authority purchases goods and services according to its enabling legislation and charter granted by the State of New York; and

WHEREAS: The Buffalo Sewer Authority has developed Purchasing Guidelines for the procurement of goods and services that will ensure compliance with all State and Local Laws governing public bidding; and

WHEREAS: These Guidelines promote fair competition to acquire goods and services that provide the best product from a responsible vendor at the most reasonable price, and to guard against favoritism, improvidence, extravagance, fraud, and corruption; and

WHEREAS: The Corporation Counsel of the City of Buffalo as attorney for the Buffalo Sewer Authority has reviewed the Purchasing Guidelines, and found that the policy is consistent with the Public Authorities Law and General Municipal Law provisions governing public bidding.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves the “Purchasing Guidelines” (Attachment B), which establishes the basis for the procurement of goods and services by the Buffalo Sewer Authority.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2ND BY MR. ROOSEVELT

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 8

CLAIM AGAINST LIABILITY AND CASUALTY RESERVE FUND

WHEREAS: On January 14, 2005, Meredith Ruggiero, of 1006 Highland Avenue, Tonawanda, New York, filed a Claim with the Buffalo Sewer Authority for damages to her automobile. On January 3, 2005, a Buffalo Sewer Authority truck struck the front driver's side door of her vehicle breaking off the electric heated mirror. The total cost of damages is \$255.73; and

WHEREAS: The General Manager reviewed the Claim and recommends payment in the amount of \$255.73.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to make payment to Meredith Ruggiero, 1006 Highland Avenue, Tonawanda, New York, in the amount of \$255.73. This Claim will be paid out of the Liability and Casualty Reserve Fund.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2ND BY MS. WILSON-DIVINCENZO

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 9

AUTHORIZATION FOR CHANGE ORDER TO PURCHASE ORDER NO. 20500170

WHEREAS: On May 26, 2004, the Board of the Buffalo Sewer Authority authorized the General Manager to enter into and execute a contract with U.S. Security Associates, Inc., to provide security guard service at the Treatment Plant for the period July 1, 2004 through June 30, 2005, at a cost of \$8.73 per hour, up to a maximum amount of \$155,000.00, with an option to renew for three (3) one-year periods; and

WHEREAS: As a result of the change in New York State Law's Minimum Wage, SUI, FUI, FICA Regulations, U.S. Security Associates, Inc., has requested an increase in their contract rate from \$8.73 per hour to \$9.20 per hour; and

WHEREAS: A legal opinion was requested for this change in circumstances. Corporation Counsel, Michael B. Risman, recommended that the Buffalo Sewer Authority accept this wage increase for the balance of this fiscal year, January 1, 2005 through June 30, 2005; and

WHEREAS: Due to these circumstances, the Board was polled and verbally authorized a change order to purchase order no. 20500170 on January 5, 2005, with the stipulation that this contract be rebid for next fiscal year; 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 approve a change order to purchase order no. 20500170 with U. S. Security Associates, Inc., in the amount of \$2,050.42, up to a maximum amount of \$157,050.42 to allow for this wage rate increase for the balance of this fiscal year, January 1, 2005 through June 30, 2005. These additional expenses will be charged to account no. 00200106-434000. The Board of the Buffalo Sewer Authority further stipulates that the contract for security guard service at the Treatment Plant be rebid for the next fiscal year.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2ND BY MR. ROOSEVELT

AYES 4 NOES 0

ITEM NO. 10

AMENDMENT OF SOLE SOURCE LISTING

WHEREAS: On July 21, 2004, the Board of the Buffalo Sewer Authority designated Infilco Degremont, Inc., as a sole source for the purchase of new equipment, supplies, replacement parts, service, and repair of the Helico Presses (trademark) located at the Treatment Plant; and

WHEREAS: The Buffalo Sewer Authority has six (6) Climber Screens located at the Treatment Plant which are also a trademark of Infilco Degremont, Inc., the original equipment manufacturer; and

WHEREAS: It is necessary to amend the sole source listing to reflect this addition.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority amends the sole source listing of July 21, 2004, with the addition of Infilco Degremont, Inc., as the vendor for the purchase of new equipment, replacement parts, service, and repair of the Climber Screens (trademark) located at the Treatment Plant.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2ND BY MR. KENNEDY

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 11

AUTHORIZATION TO PURCHASE REPLACEMENT PARTS FOR INFILCO DEGREMONT CLIMBER SCREENS

WHEREAS: Infilco Degremont, Inc., is the original equipment manufacturer for the six (6) climber screens (trademark) located at the Treatment Plant. The sole source listing approved by the Board of the Buffalo Sewer Authority Board on July 21, 2004, is being amended this date to reflect this addition; and

WHEREAS: Board approval is required on purchases made over \$10,000.00; and

WHEREAS: Infilco Degremont, Inc., has submitted a quote in the amount of \$28,301.52 for needed replacement parts for the climber screens; and

WHEREAS: The Treatment Plant Superintendent, Superintendent of Mechanical Maintenance, and staff recommend the purchase of this equipment from Infilco Degremont, Inc., at a total cost of \$28,301.52.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to purchase the necessary replacement parts for the climber screens from Infilco Degremont, Inc., at a total cost of \$28,301.52. This purchase will be charged to account no. 00220105-466107.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2ND BY MR. ROOSEVELT

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 13

REPORT ON BIDS RECEIVED - SLUDGE DEWATERING SYSTEM IMPROVEMENTS - EMERGENCY CONTRACT

WHEREAS: Formal bids were advertised and solicited for Sludge Dewatering System Improvements – Emergency Contract for the Bird Island Sewage Treatment Plant. The following bids were received and opened by the Buffalo Sewer Authority on January 19, 2005:

Contractor	Base Bid	Alternate Bid #1	Total Bid
Paul J. Gallo Contracting	\$ 930,000.00	\$ 41,956.50	\$ 971,956.50
Hohl Industries	\$ 965,900.00	\$ 46,115.00	\$1,012,015.00
Quackenbush Company	\$ 962,315.00	\$ 54,663.80	\$1,016,978.80
William Spaeder Co.	\$1,040,000.00	\$ 44,738.10	\$1,084,738.10
Blue Heron Con.	\$1,098,015.50	\$ 25,984.50	\$1,124,000.00
John W. Danforth	\$1,272,200.00	\$112,650.00	\$1,384,850.00
Kandey Company, Inc.	\$1,331,000.00	\$ 82,600.00	\$1,413,600.00

; and

WHEREAS: The bids were received, and the contract will be awarded on the basis of the base bid and Alternate Bid #1. The bids do not reflect the true amount of the contract, but rather are subject to some variance. These variances are due to the actual amount of the quantities used as they appear in the estimate column multiplied by the unit price as bid; and

WHEREAS: The low bid was submitted by Paul J. Gallo Contracting, in the amount of \$930,000.00 for the base bid and \$41,956.50 for the Alternate Bid #1, making the total bid \$971,956.50; and

WHEREAS: The Treatment Plant Administrator, staff, and Malcolm Pirnie, Inc., reviewed the bids and recommend accepting the low bid and awarding the contract to Paul J. Gallo Contracting.

ITEM NO. 14

CHANGE ORDER NO. 1 – CONTRACT NO. 84500005

CONTRACTOR:	ORIGINAL CONTRACT COST	\$188,050.00
URS Corporation	PREVIOUS CHANGE ORDER	00.00
77 Goodell Street	THIS CHANGE ORDER	<u>\$178,300.00</u>
Buffalo, New York 14203	ADJUSTED CONTRACT COST	\$366,350.00

WORK: Engineering Agreement with URS Corporation for Phase II. Engineering Report and Design for Installation of Anaerobic Digester Mixing and Heating Systems in Digester Nos. 1 & 2 at the Bird Island Wastewater Treatment Plant.

DESCRIPTION OF CHANGE OR EXTRA WORK:

Item #1 Phase III – Task No. 5 – Construction Administration and Inspection.

REASON FOR CHANGE OR EXTRA WORK:

Item #1 The construction contract for work on Digester Nos. 1 & 2 is being advertised and the Buffalo Sewer Authority will be receiving bids on March 1, 2005. Phase III – Task No. 5 is outlined in the present contract but not funded. It is necessary to implement this phase to allow for a smooth transition to the construction phase.

COST OF CHANGE OR EXTRA WORK:

Item #1 Phase III – Task No. 5 \$178,300.00

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$178,300.00

The total INCREASE to the contract as a result of this Change Order is \$178,300.00

and;

WHEREAS: The Buffalo Sewer Authority Treatment Plant Administrator, Senior Sanitary Engineering Supervisor, and staff reviewed the cost and recommend the increase to the contract.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves Change Order No. 1 to Contract No. 84500005 as written in the above Agenda Item, increasing the contract cost in the amount of \$178,300.00, making the adjusted contract cost \$366,350.00.

MOTION TO TABLED

MADE BY MS. WILSON-DIVINCENZO

2ND BY MR. KENNEDY

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 15

CHANGE ORDER NO. 1 – CONTRACT NO. 84500006

CONTRACTOR:	ORIGINAL CONTRACT COST	\$4,747,000.00
Kranick Environmental Contractors	PREVIOUS CHANGE ORDER	00.00
537 Lincoln Highway	THIS CHANGE ORDER	<u>\$18,835.33</u>
East McKeesport, Pa. 15035	ADJUSTED CONTRACT COST	\$4,765,835.33

WORK: Digester Numbers 3 and 4 Upgrade

DESCRIPTION OF CHANGE OR EXTRA WORK:

- Item #1 Addition for floating steel cover steel price, in accordance with terms and conditions of the Floating Cover Steel Price Adjustment Clause.
- Item #2 Addition for pile lengths that exceeded the lengths included in the base bid.
- Item #3 Modification to building corner design due to block supply limitations.

REASON FOR CHANGE OR EXTRA WORK:

- Item #1 A Steel Price Adjustment Clause was included in the contract documents for the steel that makes up the floating covers. The terms and conditions for the increase were defined in the bid documents on Pages P-10 A through P-10 C (Addenda No. 2). As a result of steel price increases since the bids were received on July 9, 2004 the contractor is entitled to an increase. The Floating Cover Steel Price Adjustment Clause and supporting calculations have been reviewed and verified.
- Item #2 The base bid in the contract documents for pay item number 5A was based upon 19 piles, each 50 feet long (950 feet). To account for differences in pile length, this pay item also required the contractor to provide a unit price per foot of installed pile (Bid Item U-5 \$35/foot). This unit price was provided to adjust the bid item 5A price up or down based upon actual installed pile lengths. The total installed pile length was 1073' 8" (average pile length of 56' 6"). The contractor's base bid therefore is increased to account for the longer pile lengths. The terms and conditions for the increase were defined in the bid documents. The calculations have been reviewed and verified.

Item #3 The specified 12-inch split face block for the new Digester Numbers 3 and 4 Mixing Building does not come with a split end. As a result, the only alternative was to use 12-inch blocks with mitered corners. The Engineer felt that this would leave the building exceptionally weak at the corners due to the lack of interlocking block work. As a result a change to a 4-inch face block for appearance, with an 8-inch interlocking structural block behind that was proposed. Because of the number of mitered corner cuts, (336 blocks) and the additional labor to install the two blocks rather than one block, a change order was requested by the Contractor, and agreed to by the Engineer.

COST OF CHANGE OR EXTRA WORK:

Item #1 \$12,242.00

Item #2 \$ 4,328.33

Item #3 \$ 2,265.00

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$18,835.33

The total INCREASE to the contract as a result of this Change Order is \$18,835.33

CONTRACT SUPPLEMENT CONDITIONS:

1. The contract completion date established in the original contract or as modified by previous contract supplements is hereby changed by 0 calendar days, making the final completion date September 13, 2004 (NTP) plus 360 days (project duration).
2. Any additional work to be performed under this contract supplement shall be carried out in compliance with the specifications included in the preceding description of changes involved with the supplemental contract drawings designated none and under the provisions of the original contract, including compliance with applicable Equipment Specifications, General Specifications, and Project Specifications for the same type of work.
3. This contract supplement unless otherwise provided herein does not relieve the contractor from strict compliance with the guarantee provisions of the original contract, particularly those pertaining to performance and operation of equipment.
4. The Contractor expressly agrees that he will place under coverage of his Performance and Payment Bonds and Contractor's Insurance all work covered by this contract supplement. The Contractor will furnish to the owner evidence of increased coverage of his Performance and Payment Bonds for the accrued value of all contract supplements that exceeds the original contract price by twenty percent (20%).

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5. The costs established under this contract Supplement are acknowledged as including any and all costs associated with the work described herein and including any and all costs associated with any and all work performed or to be performed by the Contractor that may be affected in any manner by the work described herein.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves Change Order No. 1 to Contract No. 84500006 as written in the above Agenda Item, increasing the contract cost in the amount of \$18,835.33, making the adjusted contract cost \$4,765,835.33.

MOTION TO APPROVE
MADE BY MR. ROOSEVELT
2ND BY MS. WILSON-DIVINCENZO
AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 16

AMENDMENT TO SCHEDULE OF JOB CLASSIFICATION PLAN

WHEREAS: There is a need to modify the Job Classification Plan.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority approves the deletion of the following positions from the Job Classification Plan:

One (1) Wastewater Treatment Plant Operator II	00220161 411001
Two (2) Wastewater Treatment Plant Operator II w/License	00290161 411001
One (1) Wastewater Treatment Plant Operator I	00290161 411001
One (1) Wastewater Treatment Plant Operator II w/License	00330161 411001
One (1) Wastewater Treatment Plant Operator II	00360161 411001
One (1) Assistant Sanitary Chemist	00510151 411001
Two (2) Laborer I	00670161 411001

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2ND BY MR. ROOSEVELT

AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 18

TUITION ASSISTANCE

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 employee has applied for Tuition Assistance:

<u>EMPLOYEE</u>	<u>SCHOOL</u>	<u>COURSE</u>	<u>SEMESTER</u>	<u>TUITION</u>
Anthony A. Hazzan	Canisius College	<i>Human Resource Management</i>	Spring 2005	\$2,000.00

WHEREAS: No funds will be expended at this time.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves this application for Tuition Assistance as detailed above.

MOTION TO APPROVE
MADE BY MR. KENNEDY
2ND BY MS. WILSON-DIVINCENZO
AYES 4 0

Board Meeting of February 9, 2005

ITEM NO. 19

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</u>	<u>COURSE</u>	<u>TUITION%</u>	<u>REIMBURSEMENT TOTAL</u>
William R. Cowell	California State University, Sacramento	<i>Treatment of Metal Wastestreams</i>	100%	\$65.00
William Salter	McKinley Evening School	<i>Basic Photography</i>	50%	\$75.00

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves the above applications for Tuition Reimbursement totaling \$140.00. These Reimbursements will be charged to account no. 00800108-480214.

MOTION TO APPROVE
 MADE BY MS. WILSON-DIVINCENZO
 2ND BY MR. KENNEDY
 AYES 4 NOES 0

Board Meeting of February 9, 2005

ITEM NO. 20

ADJOURNMENT OF MEETINGMOTION TO APPROVE MADE BY MR. KENNEDY 2ND BY MR. ROOSEVELT AYES 4 NOES 0

Board Meeting of February 9, 2005

ATTACHMENT A

Capital Asset Guide

for

Buffalo Sewer Authority

TABLE OF CONTENTS

I. Capital Asset Definitions and Guidelines

	Page
Capital Asset Classifications.....	1
Capitalization Thresholds and Useful Lives.....	2
Capital Asset Acquisition Cost.....	3
Capital Asset Donations.....	3
Leased Equipment.....	4
Depreciating Capital Assets.....	4
Residual Value.....	5
Sale of Capital Assets.....	5
Computation of Gain and Loss from Sale of Assets.....	5

II. Capital Asset Categories

Land

Land Definition.....	6
Depreciation Methodology.....	6
Capitalization Threshold.....	6

Land Improvements

Land Improvement Definition.....	7
Depreciation Methodology.....	7
Capitalization Threshold.....	7

Buildings

Building Definition.....	8
Depreciation Methodology.....	8
Capitalization Threshold.....	8

Building Improvements

Building Improvement Definition.....	9
Depreciation Methodology.....	9
Capitalization Threshold.....	9
Maintenance Expense.....	10

Machinery and Equipment

Machinery and Equipment Definition.....	10
Categories of Machinery and Equipment.....	11
Capitalization Threshold.....	11
Depreciation Methodology.....	11

Infrastructure

Infrastructure Definition	11
Infrastructure Improvements.....	12
Jointly Funded Infrastructure.....	12
Maintenance Costs	12
Preservation Costs.....	12
Additions and Improvements.....	12
Depreciation Methodology	12
Capitalization Threshold.....	12
Infrastructure Classifications	13

Works of Art and Historical Treasures

Works of Art and Historical Treasures Definition.....	13
Depreciation Methodology	13
Capitalization Threshold.....	14

Construction in Progress

Construction in Progress Definition.....	14
Depreciation Methodology	14
Capitalization Threshold.....	14

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. In the year of disposition, all assets will be depreciated for the entire year regardless of when the asset was disposed. 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.



ATTACHMENT B

BUFFALO SEWER AUTHORITY

**PURCHASING GUIDELINES
POLICIES AND PROCEDURES**

Adopted by the Board of the Buffalo Sewer Authority
February 9, 2005

I.	INTRODUCTION	1
	Scope:	1
	Intent:	1
	Budget:	1
	Board Approval:	1
II.	POLICY	1
	Mission Statement:	1
	Open Vendor Policy:	2
	Freedom of Information.....	2
III.	TYPES OF CONTRACTS	2
	Construction Contracts:	2
	Goods and Services Contract:.....	2
IV.	FORMAL CONTRACTS:.....	3
	Formal Contract Procedures	3
V.	GUIDELINES.....	5
	Categories	5
	Agreement:	5
	Emergency:	5
	Leases:	5
	Maintenance or Service Contracts:.....	6
	Negotiated Contracts:	6
	Preferred Contract Purchasing:.....	6
	Professional Service Contracts:	6
	Sole Source:	7
	General Guidelines For Contract Administration.....	7
	Award:	7
	Blanket Purchase Orders:	7
	Brand Name or “Authority Approved Equal”:	8
	Delivery Requirements:	8
	Insurance.....	8
	Materials Contracts:.....	8
	Prevailing Wages:	8
	Purchase Orders:.....	8
	Quotes:	8
	Standardization:	9
VI.	PROCEDURES	9
	Purchasing Office - Administration Department:.....	9
	Purchasing System:.....	9
	Receivers:	10
	Vendors:.....	10
VII.	DEFINITIONS	10

I **INTRODUCTION**

Scope:

The following guidelines are for governing the procurement of goods and services for the use of the Buffalo Sewer Authority.

Intent:

It is the Authority's intent to implement and strictly enforce purchasing guidelines to openly promote fair competition, to acquire goods and services that provide the best product from a responsible vendor at the most reasonable price, and to guard against favoritism, improvidence, extravagance, fraud and corruption.

Budget:

The procurement of goods and services shall be limited to those necessary to operate, maintain and/or improve the sewer system of the Authority. In no case shall the amounts expended exceed the allocations for these goods and services as provided for in the Authority's Annual Budget or subsequent amendments.

Board Approval:

The process of purchase approval shall move to the General Manager of the Authority for presentation to the Board of the Buffalo Sewer Authority for the purchase of goods over \$10,000 and the purchase of services over \$20,000.

II. **POLICY**

Mission Statement:

The Buffalo Sewer Authority purchases goods and services according to its enabling legislation and charter granted by the State of New York.

The purpose of this Policy and Guideline is to facilitate each department in procurement direction, while protecting the Buffalo Sewer Authority and its ratepayers by promoting fairness in contracting with the business community.

The Authority maintains an Open Vendor policy and welcomes all potential bidders.

The Authority's Purchase Office maintains a bidding process for purchases and supervises all purchasing. The Authority's Engineering Department maintains and supervises a bidding process for all formal construction projects.

The Authority welcomes purchases through contracts let by the City of Buffalo, the County of Erie and State of New York Office of General Services and will consider all such business interests.

The Guidelines are a deliberate effort to balance the need to preserve open and fair competition with the goal of allowing each department flexibility to procure in a manner that contributes to the fulfillment of their operational mission.

Open Vendor Policy:

The Buffalo Sewer Authority invites all vendors to bid in an open-competitive environment.

A vendor may forward to the Purchase Office, by way of mail or fax, all relevant information pertaining to his enterprise.

Vendors remain on our vendor list indefinitely. Requests for bids or quotes may be received off this list. Failure to respond following three separate requests generally will result in the removal from our bidders' list.

Freedom of Information

The Buffalo Sewer Authority maintains and adheres to all related Freedom of Information regulations. To ensure proper response, requests should be made in writing to the General Manager of the Authority.

Telephone or written requests on results of informal purchases may be made to the Purchase Office. Response by this method is at the convenience of the Authority.

III. TYPES OF CONTRACTS

Construction Contracts:

Authority estimates for construction contracts with an anticipated total cost of \$7,000.00 and above must be bid and advertised as a Formal Contract. Contracts estimated at less than \$7,000.00 may be bid as a Goods and Services.

Goods and Services Contract:

Purchases are made in accordance with the Standard Monetary Guidelines set forth below:

<u>STANDARD MONETARY GUIDELINES</u>
<p><u>Petty Cash</u> Limited to purchases less than \$50.00 per voucher. Proper receipts must accompany request.</p>
<p><u>< \$250.00 - Small Purchases (Occasional)</u> From one responsible source at a reasonable price. Accumulative units may require Informal purchase. Verbal quotes may be solicited.</p>
<p><u>\$250.00 < \$10,000.00 for the Purchase of Goods and</u> <u>\$250.00 < \$20,000.00 for the Purchase of Services - Informal</u> Requires faxed/mailed response to Request for Quotation from at least three (3) vendors. Dated, time stamped with price, and associated Quotation Request number affixed. Authority generated Request for Quotations form is preferred.</p>
<p><u>>\$10,000.00 for the Purchase of Goods and</u> <u>>\$20,000.00 for the Purchase of Services - Formal</u> Formal, sealed bidding procedure (see Formal Contracts)</p>

IV. FORMAL CONTRACTS:

Formal Contracts are to be in the Authority's approved contract format and must contain all necessary inclusions as designated. Executed formal contracts for construction projects and services that are not routine in nature are forwarded to the Engineering Department for creation of a Contract Order. Executed formal contracts for the purchase of goods and services that are routine in nature are forwarded to the Purchase Office for the creation of a Blanket Purchase Order. A Regular Purchase Order may be created for those requiring a one-time payment.

Formal Contract Procedures

1. The department requiring the project, goods or service composes the specifications and sends it to either the Engineering Department or the Purchase Office for review and approval of contents. For new projects or services, the specifications may be forwarded to the City of Buffalo Law Department for approval as to form.
2. The General Manager authorizes to advertise for invitation for bids.
3. An advertisement date, pre-bid meeting date (if required) and bid opening date are coordinated between the Engineering Department or Purchase Office and the department head requiring the goods or service.

Advertisement for bids shall be published in the official newspaper or other form of media, if any, or otherwise in a newspaper or media designated for such purpose by the Board of the Buffalo Sewer Authority.

The notice must appear at least five days before the date of the receipt of bids and must contain the following:

- a. Specifics of the commodity, service or project needed.
 - b. Deadlines and the time and place where the sealed bids and pre-bid meeting (if applicable) are to be received.
 - c. The deposit, if any, required for bid consideration.
 - d. Any other requirements for bid submission.
4. The Formal Proposal packages are prepared where the bidders pick up the package (after the ad is published). All bidders may be required to give security for the faithful performance of the contract, and such other security as the Authority may require.
 5. Pre-bid meeting is held (if applicable).
 6. Bid opening is held.
 7. The bid bond(s) or cashier's check(s) that was submitted with the bid is held in the Authority's safe. Required security will be returned to all but the contracted vendor after award is made.

8. Bid openings may be held at the Authority's Administrative Offices located at 1038 City Hall, Buffalo, New York, 14202 or its' wastewater treatment facility located at the Foot of West Ferry Street, Buffalo, New York, 14213.
9. The department requiring the commodity or service reviews all the bids and determines who, in its opinion, is the lowest responsible bidder. Their recommendation is forwarded to either the Engineering Department or Purchase Office.
10. The bid-opening tabulation sheet (which consists of the bidders and amounts) is prepared and copies are sent to various individuals. The department head receives copies of the bidder's proposal.
11. Proposal packages from the three lowest bidders may be forwarded to the City of Buffalo Law Department for recommendation.
12. A board resolution is prepared and forwarded to the General Manager and Executive Secretary for approval.
13. An "Award of Contract" resolution goes through the Board.
14. Once the resolution is passed, the Executive Secretary's Office forwards the approved resolution to the Engineering Department or Purchase Office notifying them that the resolution was passed at the Authority's Board meeting.
15. The Engineering Department or Purchase Office assembles required quantity of contracts for the contractor to execute. When the formal bid was for a one-time purchase of a commodity where a warranty is required, contracts are not needed. A Standard Purchase Order is required.
16. The Engineering Department or Purchase Office sends out a letter to the contractor notifying them that they have been awarded the contract. Contract documents and blank Bonds are included, if needed. The contractor may be requested to come to the Authority's offices to obtain the contract documents.

The contractor is requested to supply all required insurance and bond forms and submit them to the Authority with signed contract documents. The contractor will send the executed contracts back (with bonds and insurance) to the Authority.

If the successful bidder neglects or refuses to accept the contract within five days after written notice that it has been awarded to him/her, or if he/she accepts but does not execute the contract and give proper security, the Authority shall have the right to declare his/her deposit forfeited, or it may redeem the proposal bond submitted with the bid, and the invitation for bids will be readvertised. Alternately, his/her deposit may be returned and the contract awarded to the next lowest bidder.
17. After the contractor has executed the contracts, the Authority sends them to the City of Buffalo Law Department for approval as to form. Once approved a contract or blanket purchase order number is assigned.
18. Contracts are forwarded to the City of Buffalo Division of Audit for approval as to sufficiency.

19. Once approved by Law and Audit, the contracts are given to the General Manager of the Authority for signature.
20. The General Manager executes the contracts and they are notarized.
21. Notification may be sent to contractor for a pre-construction meeting when applicable.
22. A “Notice to Proceed” letter is sent to the contractor with the duly executed contract. Various individuals receive a copy of this letter.
23. Contracts are distributed to: Files, Contractor, Division of Audit, Department overseeing the project, and Consultant if applicable.

V. GUIDELINES

Categories

Agreement:

An understanding of the parties by implication including, course of dealing or usage of trade or course of performance (i.e. utilities). While all contracts are agreements, all agreements are not contracts.

Emergency:

An emergency condition may be declared when something is acquired under conditions deemed emergency or exigency due to an unavoidable situation where there is a threat of harm to life, health, safety, environment, or property.

The prospect of interruption of sewer service to a community, and/or the disruption of the efficient operation of the Authority arising from an unforeseen circumstance may also be declared an exigency condition. Lack of proper planning may not constitute such conditions. Declaration may be authorized by any of the following individuals: Treatment Plant Superintendent, Treatment Plant Administrator, Superintendent of Mechanical Maintenance, Director of Sewer Maintenance or the Principal Sanitary Engineer. Documentation and justification of such declaration should be provided to the General Manager. The Emergency Declaration will be referred to the Board of the Buffalo Sewer Authority.

Leases:

Entering into any true lease for goods or services requires competitive proposals attached to the requisition. It is important to distinguish between an installment purchase (which provides for Authority ownership at the lease term end) and a “true lease”, which provides for regular payments over a set time for use of property, but upon termination of the lease, the property must revert to the lessor and cannot be retained by the Authority.

Maintenance or Service Contracts:

For service contracts, time and materials or full service can be acquired. The original manufacturer or manufacturer's representative vendor or other source may offer such contracts.

Negotiated Contracts:

Procurement by negotiation is preferred where one or more of the following conditions prevail:

1. The desired goods or services cannot be precisely defined or standardized.
2. A cost reimbursement type contract is contemplated.
3. Discussion with contractor regarding technical aspects is intended.
4. Where market is best by dollar negotiation.
5. Offerors are given the opportunity to revise price or technical aspects.
6. Artistic or aesthetic value supersedes price as primary selection criteria.

Negotiated contracts should be identified as such. Documented justification, meeting one or more of the above conditions, should be affixed to the contract. Solicitation of *Requests for Proposals (RFP)* should be submitted.

Preferred Contract Purchasing:

Municipal authorized contracts may be a source for non-competitive purchasing. New York State Office of General Services (OGS), County of Erie (Erie), City of Buffalo (City) and contracts established by the Authority are currently approved. Contract type and number should be affixed in appropriate fields on requisition. Vendors are required to provide written or faxed documentation of such award if not available to the Authority. This documentation must specifically identify all purchases and accompany the requisition. Date range of contract is required. Such contracts eliminate the necessity to bid. Contracts may be found in the Purchasing office. Authorized contracts may not always be the best price, so requisitioners should review market.

Elective, custom, and/or non-contract options, not listed in authorized contract but available from vendor must be maintained as a separate purchase, and therefore subject to purchasing guidelines. Related, non-contracted additions should be purchased on a separate Purchase Order or Blanket Purchase Order release identifying the relation to the contracted purchase.

Professional Service Contracts:

The Board of the Buffalo Sewer Authority may declare and authorize a contract to provide services to the Authority outside the guidelines when such acquisitions are required for confidentiality; specialized or technical services, training or expertise unobtainable but from one source; specialized knowledge; lack of responsible competition; nature or magnitude; complexity of services; lack of resources or staff equipment and or facility; short term or infrequent need; emergency or exigency condition; or where possible, service is best obtained by decision foundationed on competitive Request for Proposals. The requesting department should be prepared to justify the procurement and provide documentation as to how the particular services were acquired.

Sole Source:

Award where competition is waivable or is not feasible under the circumstances. Documentation justifying such conditions should accompany the requisition and be on file in the Purchase Office. This would include single bid, emergency, expediency and single-source purchasing.

Goods and services that may be procured from only one source are defined as “sole source” items. It is important to note that there must be, without question, a single supplier of the item or service. Sole source situations generally exist when an item is manufactured by only one firm, and a vendor has an exclusive franchise or distributorship for an item.

To initiate a sole source purchase, the requisitioner must be confident that such conditions exist in the marketplace, that the requested goods or services are available from only one supplier and no substantial equivalent is available.

Even though there is only one source of supply, the requisitioner must receive a written quotation from the vendor. Upon receipt of a properly executed quotation, the requisitioner will then proceed to write the purchase order.

Since market conditions change over the years, a previously substantiated sole source may find new entrants to a formerly monopolized market. All sole sources should be verified. It can be a situation where the requisitioner knows the marketplace or it simply may be the need to verify that the marketplace has not changed.

General Guidelines For Contract Administration

Award:

The Purchase Office selects the best vendor after prices are obtained. Lowest bidder should be first consideration. Selection criteria should be documented and justified when other than low bid. Within thirty (30) days of the deadline for receipt of responses, the quote may be awarded or all bids rejected.

Consideration for award should follow these steps:

- a. *Lowest bidder* means the bidder that offers the lowest net price for the item specified, who bids quality merchandise, and can deliver according to specifications.
- b. *Responsible bidder* means bidder who has proven historically that the company can meet all terms.
- c. *Responsive bidder* means that the bidder has responded as mandated.
- d.

Blanket Purchase Orders:

Blanket Purchase Orders may have a term and/or dollar ceiling assigned and releases allowed through a release approval system. Release approvals may be different than initial approval scheme. Blanket Purchase Orders (BPO's) may be created to contain costs to a vendor and/or provide complete contracted services.

Documentation and justification should be made to the Purchase Office for BPO creations. The contract monitor will supervise the use of BPO's and the releases against their established budget.

Brand Name or “Authority Approved Equal”:

Descriptions may be used to define performance or other important requirements of procurement where other descriptions would be impractical or uneconomical. Such language should be included in all requests for proposals.

Delivery Requirements:

When obtaining quotes, be sure to quote “F.O.B. Destination” delivered whenever possible.

Insurance

Policies of insurance for the Authority are not considered purchases and therefore are not subject to competitive bidding.

Materials Contracts:

The Authority's authorized contracts for the purchasing of goods used in high volumes during the year. Contracts to cover multiple items priced individually.

Prevailing Wages:

Prevailing wages may be required for services rendered. Requirements should be consulted.

Purchase Orders:

A Purchase Order (P.O.) is a legal document which sets conditions, describes, contracts to deliver and to pay. Giving out pending P.O. number information to a vendor over the phone is not allowed, unless authorized by the Department Head.

Quotes:

Responsive bidder means that the bidder has responded as mandated. All Requests for Quotations must arrive by allotted time and be received by fax or mail only. Fax quotes will be accepted 24 hours a day, seven days per week. The Purchase Office cannot make a recommendation to award until after the allotted time for vendors to respond has passed.

Quotes, together with supporting documentation, will be forwarded to the Purchase Office. Fax quotes time stamped and dated with vendor information, purchase order requisition number and price, must be affixed. The Purchase Office should send a Request for Quotation to as many vendors as necessary in order to receive a minimum of three responses. The Purchase Office with proper justification may allow deviations on three-bid minimum. Quotes are valid for a time frame not to exceed one procurement, or for five (5) working days if an additional procurement is needed. More than one quote or price for an item is a serious violation of procurement.

Standardization:

Requisitioners should refer to standardization areas when documenting or justifying purchases. The following areas of circumstances under which standardization provisions might be appropriate are:

1. Compatibility - Items from one manufacturer are not compatible with present equipment without incurring additional expense.
2. Design and Construction - The design, plan or method of construction is not suitable to an operation without alteration.
3. Economics - Service facilities are adapted to the handling of a particular make of equipment and cannot be converted economically.
4. Endangerment - Changes would endanger ratepayers or employees.
5. Inventory - Spare part inventory already in stock, makes equipment change uneconomical for inventory purposes.
6. Local Conditions - Require a particular type of equipment.
7. Trained Employees - A great expense would be incurred to train or retrain employees.
8. Uniformity - A substantial amount of Authority equipment is one type, make or manufacturer making change impractical or uneconomical.

VI. PROCEDURES**Purchasing Office - Administration Department:**

Purchasing is responsible for establishing purchasing policy and administering purchasing services for all departments of the Authority. Responsibilities include:

1. Manage Purchasing System and operation
2. Analyze prices paid for materials, equipment and services
3. Act as a center of information, maintain vendor catalog library
4. Coordinate and consolidate interdepartmental purchasing
5. Assign approval processes
6. Chronicle vendor activities
7. Manage Authority-wide service maintenance contracts.
8. Manage clerical process, receive quotes, print and send awards
9. Execute Service Agreements under \$10,000

Purchasing System:

An information system designed to electronically monitor and facilitate the flow of documentation, approvals, and other requirements so that the Authority maintains a permanent record of the acquisition of goods and services.

Purchases begin with user request and flow through the Purchasing System electronically driven by information and approvals. Documents and justifications in the form of attachments are forwarded to the Purchase Office to validate all purchases for audit purposes. The Purchasing System may be viewed throughout the process for validation of procedure.

Requisitioners should review projected purchases and their costs prior to the request for proposals to assure that required funds are available for the purpose.

Receivers:

Departmental receivers should accept and inspect purchases and forward all packing slips or invoices to the Accounting Department for prompt payment.

Vendors:

Authority staff should not make commitments to vendors until approvals are completed. Purchases prior to requisition (confirming orders) are subject to denial and may not be paid.

Unacceptable vendor activity or influence could be grounds for being banned from future Authority business.

VII. DEFINITIONS

Advertisement: Publication of Notice to Bidders in newspaper of general circulation in the Buffalo area; trade journals e.g. Dodge Report.

Agreement: An understanding of the parties by implication, including course of dealing or usage of trade or course of performance (i.e. utilities). While all contracts are agreements, all agreements are not contracts.

Amendments: All amendments, the modification of an existing contract, require Board approval.

Blanket Purchase Orders: Allows periodic requisition of contract items over the period designated until the quantity/value is exhausted. Action approved by Department Head.

Board: Buffalo Sewer Authority Board.

Change Orders: Variation to contracts for goods or services exceeding 15% of the contract's dollar amount and within the prescribed limits for each contract. Board approval required.

Claim: A vendor's request for payment for materials or services rendered.

Competitive Range: All proposals with a reasonable chance of being selected for award.

Consultant: An individual or firm employed for specific purposes that brings specialized expertise to the Authority. Usually involves a high degree of creativity, significant relationship of trust and confidence. Qualifies as a professional service. Does not require formal bidding.

Contract for Goods/Services: Any authorized written agreement including contracts, purchase orders, letter agreements or memoranda which creates a mutually binding legal relationship, which obligates the seller to furnish products and services and obligates the Authority to pay for same.

Contractor: Any person, firm or entity obligated to sell, furnish, provide, or render goods or services to the Authority pursuant to a contract.

Emergency: Danger of threat or harm to life, health, safety, environment or property which requires immediate preventative action.

FOB: “Free on Board” designates point of delivery to the Authority. Supplier pays cost of delivery to FOB point at which time delivery is accepted and becomes Authority responsibility. FOB should always be Authority site when practical.

Formal Contract: Must use approved contract format. Procedure includes specifications, advertisement, public bid opening, departmental and administrative review and then bid award.

Negotiation: Procurement by evaluation of proposals in the competitive range on the basis of pre-established and published selection criteria, which criteria must be evaluated with price as fair.

Petty Cash: Limited to purchases of less than \$50.00 per voucher. Receipts must accompany requests.

Procurement: The acquisition of products and services by purchaser, excepting: (1) purchase of periodicals, conference materials, treatises or professional research tools; (2) the payment of fees or tuition associated with continuing education, training courses, conferences, seminars, symposiums; (3) the purchase of advertising space or advertising time in any medium.

Professional Services: Are not generally considered contracts for public work, as used in bidding statutes, therefore are not subject to competitive bidding. They include specialized expertise and/or a high degree of creativity. May be directed to particular individuals. Courts have noted that such services often involve a relationship of personal trust and confidence.

Purchase: The receipt of products, services or public works in exchange for money, property or other valuable consideration.

Purchase Order: A legal document, which sets conditions, describes contracts to deliver and contracts to pay. Wording must be such as to eliminate any questions as to what is ordered, delivery, location, terms and timing. Once accepted, it is a binding contract.

Quotation: An informal notice (fax or mail returned) by a vendor, which sets the terms under which goods or services will be rendered.

Receiver, Departmental: Designated person who accepts and inspects purchases and forwards accompanying packing slips or invoices to the Accounting Department for payment.

Request for Proposals: Requests for Proposals (Information, Bid) are used as a foundation of a future purchase or contract and are reviewed to be properly solicited and consistently administered. RFPs must include a general description of the project, scope, requirements, description of how the proposal is to be presented, request for prices, cost estimates or financial proposals and an exact due date with destination. All documents

returned should be time stamped and recorded. The RFP must include a definite statement that the RFP is not to be construed as a formal request for pricing, and that no purchase order will be placed directly as this is a request for information only. A prospective vendor shall not be allowed to write any RFP and then be allowed to bid. All RFPs should be sent to a sufficient targeted audience that will result in a competitive list of returned proposals. Request for Proposals often become the foundation of a purchase, therefore the General Manager must approve all RFPs prior to solicitation.

Once the RFP is returned, a committee of the Buffalo Sewer Authority or consultants of the Authority will review it and make a recommendation. The purchasing process should then proceed with a proper categorical purchase (See V Guidelines). That may include one of the following: Preferred Contract Purchase, Sole Source, Emergency, Professional Services Contract, Lease, Maintenance or Service Contract, or a Negotiated contract.

Request for Qualifications: Written solicitation to prospective vendors requesting qualifications of providing services or products. RFQs may be used to design a prospective list of qualified vendors to purchase through a later submitted Request for Proposals. RFQs may not require specific financial pricing of a described service or product.

Request for Quotation: A Request for Quotation is a specific request for a product or service with a requirement for pricing. The RFQ is used in all informal purchases (under \$10,000). All conditions should be posted. RFQs should be faxed or mailed and returned directly to the Purchase Office for entry. Time stamped returns must be in accordance with the required due date. RFQs without time stamping are not to be used. Purchase Office staff must not offer any information on returning quotations until the purchase has been awarded.

Requisition: A written request to the Purchasing Agent for one or more items or services necessary to carry out or improve a function.

Requisitioner: Designated person who generates requisitions on construction and goods and services directly reflecting departmental needs and budget -- separate from receiver.

Responsible: A potential contractor is responsible if he can demonstrate that he has the ability to perform successfully under the terms of the proposed contract, taking into account the offeror's technical and financial capacities.

Responsive: A bid is responsive if it complies with the terms of the solicitation in all material respects and it is completed, executed and submitted in accord with the instructions in the solicitation.

Scrap: Materials that have no functional value to the Authority but retain intrinsic value due to their composition (i.e. copper, brass, aluminum).

Sealed Bidding: A competitive method under which a contract is awarded to the lowest priced responsible bidder.

Services: A professional, consulting, technical or other function including, but not limited to, legal, testing, accounting, bookkeeping, secretarial, management consulting, audit, investment banking, planning, training, statistical research, insurance,

advertising, public relations, architectural, engineering, appraisal, janitorial, surveying, housekeeping, and waste disposal performed for a fee, commission, or other compensation.

Single Source: The goods or services to be procured and available from only one responsible source or no other goods or services will satisfy the Authority's requirements.

Small Purchase: The acquisition of goods or services under a one-time agreement to purchase having a retail price under \$250.00.

Solicitation: The process by which the Authority contacts prospective vendors, suppliers or consultants to provide notice of a procurement opportunity and ensure the submission of quotes, bids, or statements of qualifications.

Sole Source: A general category of award where competition is waivable or not feasible in certain circumstances. The included categories are: exigency, emergency, expediency, and single source.

Specifications: A written description of needed supplies, materials, equipment or services setting forth in a clear and concise manner the characteristics of the items and/or services to be purchased and the conditions under which the purchase will be made.

Statement of Qualifications: Request for project qualifications to perform duties and tasks specifically outlined. RFQ should not be used to substitute for an RFP or bidding.

Surplus: Materials or items that retain functional value, and may or may not have an intrinsic value, may be considered surplus, if all areas of the Authority reject use of the item based on obsolescence, maintenance costs or need (i.e. desks, chairs, vehicles).

Vendor: A supplier of goods or services.

Waste: Materials or items which have no functional value to the Authority or known intrinsic value (i.e. sludge, paper).