

**MINUTES OF THE REGULAR MEETING  
OF THE  
BUFFALO SEWER AUTHORITY  
January 9, 2013**

**54137.....54166**



# BUFFALO SEWER AUTHORITY

January 9, 2013

**REGULAR MEETING**

**9:00 A.M.**

**1038 CITY HALL**

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**CALL OF THE ROLL**

Present:	<u>Herbert L. Bellamy, Jr.</u>	<u>Chairman</u>
	<u>John D. Kennedy, Sr.</u>	<u>Vice Chairman</u>
	<u>Christopher Roosevelt</u>	<u>Assistant Vice Chairman</u>
	<u>Eleanor Wilson-DiVincenzo</u>	<u>Secretary</u>
	<u>David Comerford</u>	<u>General Manager</u>
	<u>Ronald Brown</u>	<u>Executive Secretary</u>
	<u>Scott Steinwald</u>	<u>Intergovernmental Coordinator</u>
	<u>Oluwole McFoy, P.E.</u>	<u>Principal Sanitary Engineer</u>
	<u>Julie Barrett-O'Neill</u>	<u>Consultant</u>
	<u>Michael Letina</u>	<u>Treatment Plant Superintendent</u>
	<u>Thomas Caulfield</u>	<u>Administrator of Capital</u>
	<u>Laura Surdej</u>	<u>Improvements &amp; Development</u>
	<u>Gregg Szymanski</u>	<u>Erie Co. Dept. of Sewerage</u>
		<u>City of Buffalo – Department of</u>
		<u>Audit &amp; Control</u>
Absent:	<u>none</u>	

The meeting was called to order at 9:05 AM. A quorum was present.

## ITEM NO. 1

Motion to Adopt the Minutes of the Meeting of December 5, 2012

MOTION TO	<u>ADOPT</u>
MADE BY	<u>MS. WILSON-DIVINCENZO</u>
2 <sup>ND</sup> BY	<u>MR. KENNEDY</u>
AYES	<u>4</u> NOES <u>0</u>

Board Meeting of January 9, 2013

## ITEM NO. 2

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

January 2, 2013

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
<b>CAPITAL IMPROVEMENT FUND</b>						
15-Apr-02	Money Market		\$1.00	Chase	0.20%	High Yield
31-Jul-12	Money Market		\$500,063.70	First Niagara	0.15%	Municipal Premium
			<u>\$500,064.70</u>			
<b>CONSTRUCTION FUND</b>						
08-Apr-02	Money Market		\$1.00	Chase	0.20%	High Yield
31-July-12	Money Market		\$39,068,645.11	First Niagara	0.30%	Municipal Premium
			<u>\$39,068,646.11</u>			
<b>LIABILITY AND CASUALTY RESERVE FUND</b>						
22-Apr-02	Money Market		\$1.01	Chase	0.20%	High Yield
31-July-12	Money Market		\$1,000,096.79	First Niagara	0.20%	Municipal Premium
			<u>\$1,000,097.80</u>			
<b>OPERATING FUND</b>						
08-Apr-02	Money Market		\$1.22	Chase	0.20%	High Yield
31-July-12	Money Market		\$3,381,996.71	First Niagara	0.20%	Municipal Premium
			<u>\$3,381,997.93</u>			
<b>TRUST &amp; AGENCY FUND</b>						
06-May-02	Money Market		\$1.00	Chase	0.20%	High Yield
31-Jul-12	Money Market		\$33,470.16	First Niagara	0.02%	Municipal Premium
			<u>\$33,471.16</u>			
<b>SURPLUS FUND</b>						
			\$164.76	Wilmington US Treasury		
27-Sep-12	28-Dec-12	92	\$5,999,368.06	M&T Securities	0.11%	\$1,631.94
			<u>\$5,999,532.82</u>			
<b>NET REVENUE FUND</b>						
			\$815.88	Wilmington US Treasury		
29-Oct-12	29-Jan-13	92	\$7,399,919.22	M&T Securities	0.11%	\$2,080.78
28-Nov-12	04-Mar-13	96	\$2,999,799.60	M&T Securities	0.15%	\$1,200.40
28-Dec-12	27-Mar-13	89	\$2,999,184.17	M&T Securities	0.11%	\$815.83
			<u>\$13,399,718.87</u>			

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
<b>DEBT RESERVE FUND</b>						
<b>Series F</b>						
09-May-12	09-May-13	365	\$245,000.00	FDIC Brokered CD	0.35%	
01-Jun-12	31-May-13	364	\$245,000.00	FDIC Brokered CD	0.45%	
01-Jun-12	05-Jun-13	369	\$245,000.00	FDIC Brokered CD	0.30%	
13-Jun-12	12-Jun-13	364	\$245,000.00	FDIC Brokered CD	0.45%	
14-Jun-12	14-Jun-13	365	\$245,000.00	FDIC Brokered CD	0.40%	
15-Jun-12	14-Jun-13	364	\$132,000.00	FDIC Brokered CD	0.35%	
			<b>\$1,357,000.00</b>			
<b>Series I</b>						
01-Aug-08	06-Sep-13	1862	<b>\$8,240,877.50</b>	FHLB	4.00%	
<b>Series H</b>						
13-Mar-03	15-Apr-32	10,626	<b>\$2,825,593.00</b>	SLG	4.35%	
<b>Series J</b>						
04-Mar-04	15-Nov-33	10,848	<b>\$774,061.00</b>	SLG	3.82%	
<b>Series K</b>						
22-Jul-04	15-Feb-33	10,435	<b>\$498,654.00</b>	SLG	4.63%	
<b>Series L</b>						
27-Jul-06	01-Oct-35	10,658	<b>\$952,666.00</b>	SLG	4.52%	

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Board Meeting of January 9, 2013

## ITEM NO. 3

## INFORMATIVE: REALLOCATION OF FUNDS

The following budgetary transfers have been made to cover unforeseen shortages. These transfers do not change the total amount of Buffalo Sewer Authority's operating budget.

**Wastewater Treatment Plant**

11/26/2012	00520106 Maintenance Services	-\$4,000.00	00230106 Grit Services	\$4,000.00
12/4/2012	00240105 PSED Supplies	-\$6,803.00	00200105 Plant Supplies	\$6,803.00
12/4/2012	00520105 Maintenance Supplies	-\$590.00	00530105 Yard Supplies	\$590.00
12/10/2012	00240105 PSED Supplies	-\$4,779.00	00520105 Maintenance Supplies	\$4,779.00
12/10/2012	00240105 PSED Supplies	-\$602.00	00200105 Plant Supplies	\$602.00
12/18/2012	00210106 RWWP Services	-\$3,600.00	00200106 Plant Services	\$3,600.00
12/20/2012	00210106 RWWP Services	-\$700.00	00230106 Grit Services	\$700.00

**General Financial Charges**

11/30/2012	00800108 Financial Charges	-\$8,000.00	00820102 Fringe Benefits	\$8,000.00
12/4/2012	00800183 Financial Contingency	-\$822.66	00110107 Admin Capital Outlay	\$822.66
12/5/2012	00800183 Financial Contingency	-\$3,300.00	00110107 Admin Capital Outlay	\$3,300.00
12/6/2012	00800183 Financial Contingency	-\$3,000.00	00110107 Admin Capital Outlay	\$3,000.00

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Board Meeting of January 9, 2013



## ITEM NO. 4

**INFORMATIVE: REPORT ON THE CONDITION OF THE CAPITAL IMPROVEMENT FUND**

Balance July 1, 2012 (Temporary Investments & Cash)	\$500,099.18	
Interest on Investments	380.70	
Transfers from Operating Fund	0	
Transfers to Operating Fund	<u>(415.18)</u>	500,064.70
Less: Expenditures	0	
Encumbrances	<u>0</u>	<u>0</u>
<b>Unallocated Funds as of December 31, 2012</b>		<u><b>\$500,064.70</b></u>
<b>Expenditures:</b>	<u>                    </u>	
<b>Total Expenditures</b>		<u>0</u>
<b>Encumbrances:</b>	<u>                    </u>	
<b>Total Encumbrances</b>		<u>0</u>
<b>ENCUMBRANCES AND EXPENDITURES FOR 7/1/2012-12/31/2012</b>		<u>\$0</u>

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Board Meeting of January 9, 2013

## ITEM NO. 5

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

The Resolution that created the Liability and Casualty 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 December 31, 2012	\$1,000,816.82
Interest Earnings	1,018.58
Transfer from Operating Fund	0
Less: Claims Paid	<u>\$1,737.60</u>
Fund Balance as of June 30, 2012	\$1,000,097.80

During the period of July 1, 2012 – December 31, 2012, the B.S.A. settled 1 (one) claim. Ten (10) claims were denied. One (1) claim resulted in a cash payment from the B.S.A. totaling \$1,737.60.

**Total Active Claims Pending**

Bodily Injury	0
Property Damage	0
Auto B.I. & P.D	0
Other Liability	<u>0</u>
Total	0

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Board Meeting of January 9, 2013

## ITEM NO. 6

**INFORMATIVE: REPORT ON FISCAL YEAR 2012-2013 RATES AND CHARGES FOR SEWER SERVICES**

Periodically a report on the rates and charges for sewer service is prepared for the Buffalo Sewer Authority. This report presents findings regarding the revenue requirements of the sewer system and the adequacy of the budgeted sewer rates and charges.

The Report on Fiscal Year 2012-2013 Rates and Charges for Sewer Services has been made available to your Honorable Body.

This report has been reviewed by the Audit Committee for the Buffalo Sewer Authority Board and is presented for the Board for their information to be acknowledged and received and filed.

**RECEIVE AND FILE**

Board Meeting of January 9, 2013

**BUFFALO SEWER AUTHORITY**

**Report on Fiscal Year 2012-13 Rates and  
Charges for Sewer Services**

**November 28, 2012**

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Buffalo Sewer Authority  
1038 City Hall  
Buffalo, NY 14202

To the Board Members of the Buffalo Sewer Authority

I am pleased to submit my report on the adequacy of Fiscal Year July 1, 2012 – June 30, 2013 (Fiscal Year 2012-13) rates and charges for sewer service in the City of Buffalo. The report presents background information regarding the Sewer System and the anticipated cash receipts and disbursements of the Sewer System for the Fiscal Year 2012-13 as well as a mid-year analysis of actual cash receipts and disbursements for Fiscal Year 2012-13.

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

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

*Lisa A. Foti*

Lisa A. Foti, CPA  
Rate Consultant

Buffalo, New York  
November 28, 2012

## SECTION I – INTRODUCTION

### A. Overview of the Fiscal Year 2012-13 Rates

This report presents the rate findings for the City of Buffalo Sewer System. The Report presents findings regarding the Fiscal Year 2012-13 revenue requirements of the Sewer System and the adequacy of budgeted sewer rates and charges.

The report is structured in four sections:

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

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

### B. The Buffalo Sewer System

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

### C. The Roles of the Authority and the City

The Authority establishes rates and charges for sewer service and related services to provide sufficient revenue to pay the operating expenses of the system and for debt service (principal and interest) on the Authority's bonds. The Authority is responsible for financing capital improvements to the Sewer System of the City of Buffalo. The Authority also issues revenue bonds, the proceeds of which are used to pay for capital improvements to the Sewer System. The previously issued bonds and future bonds of the Authority are backed by revenues of the

Sewer System. The City has granted the Authority the right to use the agents, employees, records and equipment of the Division of Water, the Division of Treasury, Department of Audit and Control, Department of Assessment and Department of Law. The City of Buffalo charges the Authority for services rendered by City departments.

#### **D. Rate Setting Considerations**

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

- Sufficient cash receipts must be raised by rates and charges and other sources of revenues to satisfy the revenue requirements of the Sewer System;
- Rates and charges should be equitable and fair, in the sense that charges levied on different users reflect the associated costs incurred as a result of serving those users;
- The rate structure should provide a reasonably stable and predictable flow of revenue;
- The rate structure should be relatively simple and inexpensive to administer; and
- The rate structure should be understandable to the customer.

#### **E. Fiscal Year 2012-13 Rate Methodology and Report Structure**

The Fiscal Year 2012-13 Rate Study has two principal components:

- A determination of the budgeted cash requirements for the Sewer System in Fiscal Year 2012-13; and
- An analysis of the approved budgeted rates and charges and the anticipated annual budgeted cash receipts of the System.

Section II of the Report illustrates the cash requirements and hence revenue required from the Sewer System in Fiscal Year 2012-13. Section III summarizes the customer base, the expected cash receipts from other sources and the amounts to be raised from user charges. The conclusions are presented in Section IV.

#### **F. Sources of Data**

The information utilized in the preparation of the Report was obtained from several sources. Historical cash disbursements and cash receipts data was derived from the financial statements of the Sewer Authority and the supporting records for those statements. Current information concerning the Fiscal Year 2012-13 budget for the Sewer System, customer account data and sewer billings and anticipated cash receipts was obtained from the records of the Authority.



## SECTION II – REVENUE REQUIREMENTS

This section of the report provides an overview of the current cash requirements of the Sewer System. Fiscal Year 2012-13 cash disbursements for the Sewer System can be classified into ten major categories of cost. A description of each category and the current estimates of Fiscal Year 2012-13 cash disbursements are provided below. Estimated cash requirements are provided for each category of expenditure.

### *I. Debt Service (\$7,594,000)*

This category of cash disbursements includes the scheduled interest payments to the debt service trustee in Fiscal Year 2012-13 on the outstanding Sewer System Revenue Bonds. The Fiscal 2012-13 Capital Plan reflects a \$20.5M funding commitment and incorporates an approximate \$20M Series M Environmental Facilities Corporation (EFC) bond issue. This bond is being issued in part to support the Hamburg Drain Floatables Control facility project (CWSRF project). Current projected costs of the CWSRF project total \$18M. Of the \$18M in total project costs an estimated \$8.6M will be available for “principal forgiveness” under the American Recovery and Reinvestment Act (ARRA). Until this ARRA award is received the bond will be issued in full as a traditional short-term interest free financing instrument. The amount ultimately responsible by the Authority will then be converted to a traditional long-term subsidized bond when the project is at or near completion. As of the date of this report, this has not yet occurred. Depending on the use and availability of existing funds, this bond issuance is expected to raise between \$9M-16M. Any remaining available monies from the bond issue will be utilized to support the remainder of the Capital Plan along with available monies from the Construction Fund.

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

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

Debt Service costs will decrease from the previous year by approximately \$3M as the result of the final payment on the Series I bonds issued in 2003.

***General Administration (\$1,397,000)***

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

***Waste Water Treatment Facilities (\$23,930,000)***

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

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

***Industrial Waste (\$544,000)***

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

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

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

***Sewer System Engineering (\$798,000)***

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

***Sewer Maintenance Department (\$3,697,000)***

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

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

***Employee Benefits (\$9,452,000)***

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

***City of Buffalo Services (\$3,900,000)***

Services provided by the City of Buffalo include Division of Water billings for sewer rent, treasury functions, assessment of properties, and billing of sewer rent based on assessed value, data processing and payroll services as well as legal and auditing services. This amount is consistent with FY 2011-12.

***Miscellaneous and Contingencies (\$1,329,000)***

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

***Capital Improvements Including Departmental Capital Outlays—On-Going Projects (\$1,110,000)***

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

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

***Debt Service Coverage Provision (\$1,139,000)***

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

***Total Operation and Maintenance Costs for the Sewer System***

Based on the preceding categories of cost, the total expected operation and maintenance cash disbursements for the Sewer System in Fiscal Year 2012-13 are \$46,157,000.

## SECTION III SEWER RATES AND REVENUES

### A. Sewer Rents

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

#### *Largest Customers of the System*

An analysis of the customer base of the Sewer System shows that the users of the System are diversified. Only two customers, BMHA and OAB represent more than 2% of the sewer billings. Each of these customers individually is less than 1.5% of the billed amounts for sewer.

Based on Authority billing records for Fiscal Year Ending June 30, 2011, the largest consumers are as follows:

Customer	Sewer Rent On Assessed Valuation	Sewer Rent On Water Use	Industrial Waste Surcharge	Total Sewer Rent
BMHA	171,187	477,427	0	648,614
OAB	15,342	464,800	0	480,142
ECMC	0	284,800	0	284,800
Niagara Mohawk	189,589	20,346	0	209,935
Seneca One	139,690	38,032	0	177,722
Buffalo Board of Education	0	171,571	0	171,571
Sorrento Cheese	6,996	0	155,390	162,386
SUNYAB	0	148,632	0	148,632
Buffalo State	0	147,050	0	147,050
Tyson Foods	228	140,098	0	140,326

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

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

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

## **C. Rate Setting Actions of the Buffalo Sewer Authority**

The total assessed value of property applicable for sewer purposes will decrease by \$2,075,818 and the levy of sewer rents based on assessed value for 2012-13 will remain constant at \$12,050,000. This will result in an annual sewer rent of approximately \$1.70479847 per \$1,000 of assessed valuation which is an adjustment of (\$.00050052) from the previous year. All flat and metered accounts will continue to be assessed a capacity/drainage charge at a minimum of \$6.00 per month. The estimated user payments for Fiscal Year 2012-13 reflect these Sewer Authority actions.

## **D. Fiscal Year 2011-12 Receipts and Projected Fiscal Year 2012-13 Receipts**

### ***Metered and Flat Sewer Rents***

Cash receipts from user charges are expected to be \$27.6M for Fiscal Year 2011-12. This is based upon unaudited cash receipts through June 2012. The expected cash receipts in Fiscal Year 2012-13 are projected at \$27.6M and reflect no increase in rates, a consistent trend in overall collection rates and the customer base in the City of Buffalo. Payments on current as well as in arrears accounts have been considered in this projection.

***Assessment Sewer Rent (\$12,100,000)***

The Authority also charges a sewer rent based upon the assessed valuation of all real property in the City (except as exempted by law). The total assessment sewer rent is expected to be \$12,083,000 for Fiscal Year 2012-13. This is based upon the estimated assessed value of chargeable property for fiscal year 2012-13, which remained constant from the previous year.

***Outside City Contracts (\$10,500,000)***

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

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

***Industrial Waste (\$1,800,000)***

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

***Interest Income (\$900,000)***

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

***Miscellaneous (\$900,000)***

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

**SECTION IV – CONCLUSIONS**

Based on the information presented in Sections I through III, current Authority budget estimates of cash receipts in Fiscal Year 2012-13 and actual cash receipts through October 30, 2012 are commensurate and in fact exceed the amount required for the anticipated annual budgeted cash requirements and are consistent with the stated goal of building a reserve balance to a level expected by rating agencies for an Authority the size of the Buffalo Sewer Authority.

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

November 28, 2012



**Exhibit 1****ANTICIPATED FISCAL 2012-13 CASH REQUIREMENTS****Cash Requirements**

Debt Service		\$ 7,594,000
Operating Disbursements:		
General administration	\$ 1,397,000	
Waste Water Treatment Facilities	23,930,000	
Industrial Waste	544,000	
Sewer System Engineering	798,000	
Sewer Maintenance Department	3,697,000	
Employee benefits	9,452,000	
City of Buffalo and Collection Services	3,900,000	
Miscellaneous and contingency	1,329,000	
Capital Improvements, including Departmental capital outlays & -on-going projects	1,110,000	
	<hr/>	
Total operating disbursements		<u>46,157,000</u>
Total cash disbursements		53,751,000
Less amounts available for use for Capital Improvements		(1,110,000)
Add debt service coverage provision <sup>1</sup>		<u>1,139,000</u>
<b>Total anticipated cash requirements</b>		<b><u>\$53,780,000</u></b>

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**Exhibit 2****ANTICIPATED FISCAL 2012-13 CASH RECEIPTS****Cash Receipts**

## Operating Revenue:

Metered and Flat Sewer Rents	\$ 27,600,000
Assessment Sewer Rent	12,100,000
Outside City Contracts	10,500,000
Industrial Waste	1,800,000

## Other Revenues:

Interest Income	900,000	
Miscellaneous	<u>900,000</u>	
<b>Total anticipated cash receipts</b>		<b><u>\$53,800,000</u></b>

## ITEM NO. 7

**APPROVAL OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND FEDERAL SINGLE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

WHEREAS: The Comprehensive Annual Financial Report, and the Federal Single Audit of the Buffalo Sewer Authority have been made available to your Honorable Body: and

WHEREAS: It is the custom of the Board to adopt these reports.

NOW THEREFORE  
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves and adopts the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012, and the Federal Single Audit for the fiscal year ended June 30, 2012.

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

Board Meeting of January 9, 2013



## ITEM NO. 9

**CHANGE ORDER NO. 1 – CONTRACT NO. 81300005**

CONTRACTOR:	ORIGINAL CONTRACT COST	\$200,000.00
Quackenbush Company, Inc.	PREVIOUS CHANGE ORDER	-0-
495 Kennedy Road	THIS CHANGE ORDER	125,000.00
Buffalo, New York 14227	ADJUSTED CONTRACT COST	\$325,000.00

WORK: Old Control and Settled Waste

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**DESCRIPTION OF CHANGE OR EXTRA WORK:**

Item #1 Various tasks needed to maintain operations at the Treatment Plant including condensate tank installation in Old Control and air handling unit repair in Settled Waste

**REASON FOR CHANGE OR EXTRA WORK:**

Item #1 Tasks required before end of this fiscal year

**COST OF CHANGE OR EXTRA WORK:**

Item #1 \$125,000.00

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$125,000.00

The total INCREASE to the contract as a result of this Change Order is \$125,000.00

**CONTRACT SUPPLEMENT CONDITIONS:**

1. The contract completion date established in the Original contract or as modified by previous Contract Supplements remains unchanged.
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.



## ITEM NO. 10

**AUTHORIZATION FOR PURCHASE OF TWO (2) DANFOSS, INC., VARIABLE FREQUENCY DRIVE (VFD) FOR RAS PUMP NO. 2A AND 2B**

WHEREAS: On April 4, 2012, the Board of the Buffalo Sewer Authority approved the standardization of the Danfoss Variable Frequency Drive (VFD) available from Danfoss, Inc., and/or their authorized local representatives for the six (6) RAS pumps; and

WHEREAS: The Treatment Plant Superintendent, Superintendent of Mechanical Maintenance, and staff have identified a need for a Danfoss VFD for RAS Pump No. 2A and 2B; and

WHEREAS: Ritec Enterprises, Inc., the authorized local representative, submitted a quote in the amount of \$31,444.40, plus freight estimated not to exceed \$3,400.00 for these two Danfoss VFDs; and

WHEREAS: The Treatment Plant Administrator, Superintendent of Mechanical Maintenance, and staff reviewed the quote received and recommend this purchase; and

WHEREAS: Board approval is required on purchases over \$20,000.00.

NOW THEREFORE  
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to purchase a Danfoss VFD for RAS Pump No. 2A and 2B from Ritec Enterprises, Inc., at a total cost of \$31,444.40, plus freight estimated not to exceed \$3,400.00. This purchase will be charged to account no. 00290107-474100.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2<sup>ND</sup> BY MR. ROOSEVELT

AYES 4 NOES 0

Board Meeting of January 9, 2013

## ITEM NO. 11

**AUTHORIZATION FOR CHANGE ORDER NO. 1 TO CONTRACT NO. 85100038 WITH NOVA SITE COMPANY, LLC FOR MISCELLANEOUS SYSTEM WIDE SEWER REPAIRS**

- WHEREAS: Formal bids were received and opened by the Buffalo Sewer Authority on January 30, 2012, for Miscellaneous System Wide Sewer Repairs; and
- WHEREAS: The low responsible bidder was Nova Site Company, LLC with a low bid of \$640,825.00; and
- WHEREAS: The Board of the Buffalo Sewer Authority accepted this bid on February 15, 2012; and
- WHEREAS: In order to complete identified system-wide repairs, Nova Site Company, agreed to hold to the unit prices as per the original bid of January 30, 2012; and
- WHEREAS: The anticipated work requires approval of Change Order No. 1, at a cost not to exceed \$290,000.00; and
- WHEREAS: The Principal Sanitary Engineer and staff have reviewed this Change Order and recommend acceptance.

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves Change Order No. 1 to Contract No. 85100038 in the amount of \$290,000.00 making the final contract cost \$930,825.00. Expenses for this contract will be charged to account no. 02000332-490740.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

2<sup>ND</sup> BY MR. KENNEDY

AYES 4 NOES 0

Board Meeting of January 9, 2013





ITEM NO. 13

**ADJOURNMENT OF MEETING**MOTION TO APPROVEMADE BY MS. WILSON-DIVINCENZO2<sup>ND</sup> BY MR. ROOSEVELTAYES 4 NOES 0

Board Meeting of January 9, 2013