

**MINUTES OF THE REGULAR MEETING
OF THE
BUFFALO SEWER AUTHORITY
February 12, 2014**

54516.....54552

BUFFALO SEWER AUTHORITY

February 12, 2014

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>David P. 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>Rosaleen Nogle, P.E.</u>	<u>Associate Engineer</u>
	<u>Michael Letina</u>	<u>Treatment Plant Superintendent</u>
	<u>Roberta Gaiek, P.E.</u>	<u>Treatment Plant Administrator</u>
	<u>Thomas Caulfield</u>	<u>Administrator of Capital</u>
	<u>Yusef Myrick</u>	<u>Improvements & Development</u>
	<u></u>	<u>Superintendent of Mechanical</u>
	<u></u>	<u>Maintenance</u>
	<u></u>	<u></u>
	<u></u>	<u></u>
Absent:	<u>Eleanor Wilson-DiVincenzo</u>	<u>Secretary</u>

The meeting was called to order at 9:02 AM. A quorum was present.

ITEM NO. 1

Motion to Adopt the Minutes of the Meeting of January 15, 2014

MOTION TO	<u>ADOPT</u>
MADE BY	<u>MR. KENNEDY</u>
2 ND BY	<u>MR. ROOSEVELT</u>
AYES	<u>3</u>
NOES	<u>0</u>

Board Meeting of February 12, 2014

ITEM NO. 2

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

January 31, 2014

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
CAPITAL IMPROVEMENT FUND						
31-Jul-12	Money Market		\$500,064.70	First Niagara	0.15%	Municipal Premium
CONSTRUCTION FUND						
31-July-12	Money Market		\$37,244,607.19	First Niagara	0.20%	Municipal Premium
LIABILITY AND CASUALTY RESERVE FUND						
31-July-12	Money Market		\$1,000,949.45	First Niagara	0.20%	Municipal Premium
OPERATING FUND						
31-July-12	Super NOW		\$3,380,480.42	First Niagara	0.20%	Municipal Premium
TRUST & AGENCY FUND						
31-Jul-12	Money Market		\$32,888.84	First Niagara	0.02%	Municipal Premium
SURPLUS FUND						
29-Jan-14	28-Feb-14	30	\$7,999,532.82	M&T	0.06%	\$394.50
NET REVENUE FUND						
08-Jan-14	07-Feb14	30	\$3,200,000.00	M&T	0.06%	\$157.81
29-Jan-14	28-Feb-14	30	\$17,500,000.00	M&T	0.06%	\$863.01
			<u>\$20,700,000.00</u>			

ISSUE DATE	MATURITY DATE	TOTAL DAYS	AMOUNT	BANK	RATE	INTEREST AMOUNT
DEBT RESERVE FUND						
Series F						
15-May-13	15-May-14	365	\$245,000.00	FDIC Brokered CD	0.25%	
Series I						
			\$9,934,740.40	Wilmington Fund		
Series J						
04-Mar-04	15-Nov-33	10848	\$774,061.00	SLG	3.82%	
Series K						
22-Jul-04	15-Feb-33	10435	\$498,654.00	SLG	4.63%	
Series L						
27-Jul-06	01-Oct-35	10658	\$952,666.00	SLG	4.52%	
Series N						
15-Nov-12	15-Apr-32	7091	\$2,167,157.00	SLG	2.42%	

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Board Meeting of February 12, 2014

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 the Buffalo Sewer Authority's operating budget.

Wastewater Treatment Plant

1/2/2014	00210105 RWWP Supplies	-\$1,250.00	00380105 Incinerator Supplies	\$1,250.00
1/10/2014	00280105 SWWP Supplies	-\$51,000.00	00380105 Incinerator Supplies	\$51,000.00
1/15/2014	00280105 SWWP Supplies	-\$400.00	00520105 Maintenance Supplies	\$400.00
1/15/2014	00520106 Maintenance Services	-\$2,000.00	00510106 Lab Services	\$2,000.00
1/21/2014	00210106 RWWP Services	-\$18,000.00	00200106 Plant Services	\$18,000.00
1/21/2014	00280106 SWWP Services	-\$28,000.00	00250106 Secondary Services	\$28,000.00
1/23/2014	00280105 SWWP Supplies	-\$5,400.00	00240105 PSED Supplies	\$5,400.00
1/24/2014	00210105 RWWP Supplies	-\$8,400.00	00290105 Aeration Supplies	\$8,400.00
1/28/2014	00330105 Final Supplies	-\$1,680.00	00290105 Aeration Supplies	\$1,680.00
1/30/2014	00300103 Blower Utilities	-\$3,000.00	00420103 Amherst Utilities	\$3,000.00
1/30/2014	00280105 SWWP Supplies	-\$4,100.00	00240105 PSED Supplies	\$4,100.00
1/31/2014	00280105 SWWP Supplies	-\$3,476.00	00240105 PSED Supplies	\$3,476.00

General Financial Charges

1/21/2014	00800183 Financial Contingency	-\$5,000.00	00820102 Fringe Benefits	\$5,000.00
1/23/2014	00800183 Financial Contingency	-\$200,000.00	00380105 Incinerator Supplies	\$200,000.00
1/24/2014	00800183 Financial Contingency	-\$230,454.00	00380105 Incinerator Supplies	\$230,454.00

RECEIVE & FILE

Board Meeting of February 12, 2014

ITEM NO. 4

INFORMATIVE: REPORT ON FISCAL YEAR 2013-2014 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 2013-2014 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 February 12, 2014

BUFFALO SEWER AUTHORITY

**Report on Fiscal Year 2013-14 Rates and
Charges for Sewer Services**

January 13, 2014

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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, 2013 – June 30, 2014 (Fiscal Year 2013-14) 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 2013-14 as well as a mid-year analysis of actual cash receipts and disbursements for Fiscal Year 2013-14.

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

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

Lisa A. Foti, CPA
Rate Consultant

Buffalo, New York
January 13, 2014

SECTION I – INTRODUCTION

A. Overview of the Fiscal Year 2013-14 Rates

This report presents the rate findings for the City of Buffalo Sewer System. The Report presents findings regarding the Fiscal Year 2013-14 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 2013-14 Rate Methodology and Report Structure

The Fiscal Year 2013-14 Rate Study has two principal components:

- A determination of the budgeted cash requirements for the Sewer System in Fiscal Year 2013-14; 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 2013-14. 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 2013-14 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 2013-14 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 2013-14 cash disbursements are provided below. Estimated cash requirements are provided for each category of expenditure.

Debt Service (\$6,906,000)

This category of cash disbursements includes the scheduled interest payments to the debt service trustee in Fiscal Year 2013-14 on the outstanding Sewer System Revenue Bonds. The Fiscal 2013-14 Capital Plan reflects a \$28.7M funding commitment and incorporates an approximate \$18M 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 \$9.1M 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. The current amount drawn down on this Series M bond totals \$12.7M. \$330k in principal payments are due on the Series M in July 2013. 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 have decreased from the 2011-12 fiscal year by approximately \$3M as the result of the final payment on the Series I bonds issued in 2003.

General Administration (\$1,355,000)

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 (\$23,781,000)

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 (\$606,000)

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 (\$907,000)

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 (\$3,725,000)

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 (\$9,427,000)

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, 2014. The agreement addressed issues surrounding insurance, compensated absences, and the number of step increase classifications..

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 2012-13.

Miscellaneous and Contingencies (\$1,569,000)

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 (\$889,000)

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 (\$1,036,000)

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 2013-14 are \$46,159,000.

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 \$3,565,898 and the levy of sewer rents based on assessed value for 2013-14 will remain constant at \$12,050,000. This will result in an annual sewer rent of approximately \$1.70565896 per \$1,000 of assessed valuation which is an adjustment of (\$.00086049) 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 2013-14 reflect these Sewer Authority actions.

D. Fiscal Year 2012-13 Receipts and Projected Fiscal Year 2013-14 Receipts

Metered and Flat Sewer Rents

Cash receipts from user charges are expected to be \$27.1M for Fiscal Year 2012-13. This is based upon unaudited cash receipts through May 2013. The expected cash receipts in Fiscal Year 2013-14 are projected at \$27.4M 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 2013-14. This is based upon the estimated assessed value of chargeable property for fiscal year 2013-14, which remained constant from the previous year.

Outside City Contracts (\$11,000,000)

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

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

Industrial Waste (\$1,800,000)

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 (\$831,000)

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 (\$955,000)

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 2013-14 and actual cash receipts through November 30, 2013 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.

January 13, 2014

ANTICIPATED FISCAL 2013-14 CASH REQUIREMENTS

Cash Requirements

Debt Service \$ 6,906,000

Operating Disbursements:

General administration	\$ 1,355,000
Waste Water Treatment Facilities	23,781,000
Industrial Waste	606,000
Sewer System Engineering	907,000
Sewer Maintenance Department	3,725,000
Employee benefits	9,427,000
City of Buffalo and Collection Services	3,900,000
Miscellaneous and contingency	1,569,000
Capital Improvements, including Departmental capital outlays & -on-going projects	889,000

Total operating disbursements 46,159,000

Total cash disbursements 53,065,000

Less amounts available for use for
Capital Improvements (889,000)

Add debt service coverage provision ¹ 1,036,000

Total anticipated cash requirements **\$53,212,000**

Exhibit 2**ANTICIPATED FISCAL 2013-14 CASH RECEIPTS****Cash Receipts**

Operating Revenue:

Metered and Flat Sewer Rents	\$ 27,400,000
Assessment Sewer Rent	12,100,000
Outside City Contracts	11,000,000
Industrial Waste	1,800,000

Other Revenues:

Interest Income	831,000	
Miscellaneous	<u>955,000</u>	
Total anticipated cash receipts		<u>\$54,086,000</u>

ITEM NO. 5

AUTHORIZATION TO ENTER INTO AGREEMENT WITH CRA INFRASTRUCTURE & ENGINEERING, INC., FOR ENGINEERING REPORT ON SYSTEM CONDITION

WHEREAS: The Buffalo Sewer Authority's Sewer System Revenue Bonds require, in part, that the Authority retain a consultant engineer to report on the overall condition of its wastewater collection and treatment system; and

WHEREAS: The required report will assess operations, the Capital Improvement Program, adequacy of capital investment, and governance; and

WHEREAS: Upon request, CRA Infrastructure & Engineering, Inc., provided a quote in the amount of \$5,100.00 to prepare the Engineering Report on System Condition; and

WHEREAS: The General Manager, Executive Secretary, Principal Sanitary Engineer, and staff have reviewed this quote and recommend accepting the proposal from CRA Infrastructure & Engineering, Inc., for this service.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to enter into and execute an agreement with CRA Infrastructure & Engineering, Inc., to prepare the Engineering Report on System Condition as outlined in their proposal dated January 24, 2014, for a total cost not to exceed \$5,100.00. These services will be charged to account no. 00110106-432004.

MOTION TO APPROVE

MADE BY MR. KENNEDY

2ND BY MR. ROOSEVELT

AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 6

AMEND BOARD RESOLUTION NO. 12 OF THE BOARD MEETING OF JANUARY 15, 2014 - AUTHORIZATION FOR PURCHASE OF RESTOCK MOYNO PARTS

WHEREAS: At the Meeting of January 15, 2014, the Board of the Buffalo Sewer Authority authorized the General Manager to purchase the needed restock Moyno parts from Liberty Process Equipment, Inc., in the amount of \$47,706.00; and

WHEREAS: The needed amount to restock Moyno parts from Liberty Process Equipment, Inc., should have been authorized for \$47,728.00; and

WHEREAS: It is necessary to amend this resolution to reflect the corrected amount.

VENDOR	TOTAL BID
Liberty Process Equipment, Inc.	\$47,728.00 (all prices include freight)
Moyno Industrial Products Division	\$69,943.84 (plus freight estimated not to exceed \$1,300.00)

; and

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby authorizes to amend Board Resolution No. 12 of the Board Meeting of January 15, 2014, to read as follows:

“That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to purchase the needed restock Moyno parts from Liberty Process Equipment, Inc., in the amount of \$47,728.00. This purchase will be charged to account nos. 00240105-466107, 00320105-466107, 00340105-466107 and 00360105-466107.”

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2ND BY MR. KENNEDY

AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 7

CHANGE ORDER NO. 3 – CONTRACT NO. 81300012

CONTRACTOR:	ORIGINAL CONTRACT COST	\$1,498,000.00
K&E Construction Co., Inc. c/o	PREVIOUS CHANGE ORDERS	124,220.81
Endurance American Insurance Co.	THIS CHANGE ORDER	<u>49,000.00</u>
333 Westchester Ave.	ADJUSTED CONTRACT COST	\$1,671,220.81
White Plains, NY 10604		

WORK: BSA Multiple Hearth Incinerator Upgrade-16C

DESCRIPTION OF CHANGE OR EXTRA WORK:

- Item #1 Make clinker grinder modifications.
- Item #2 Replace natural gas and digester gas supply header.
- Item #3 Make modifications (high & low Switches) to digester safety train.
- Item #4 Replace and install two new test ports.

REASON FOR CHANGE OR EXTRA WORK:

- Item #1 The existing grinders will not function without modifications.
- Item #2 The existing headers are deteriorated and dangerous as is.
- Item #3 The existing switches for the safety train will not operate.
- Item #4 EPA guidelines require two additional test ports to meet code.

COST OF CHANGE OR EXTRA WORK:

- Item #1 \$11,000.00
- Item #2 \$27,000.00
- Item #3 \$ 6,500.00
- Item #4 \$ 4,500.00

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$49,000.00

The total INCREASE to the contract as a result of this Change Order is \$49,000.00

CONTRACT SUPPLEMENT CONDITIONS:

1. The contract completion date established in the original contract or as modified by previous contract supplements is hereby changed by 31 calendar days, making the final completion date of 2/28/14.
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%).
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. 3 to Contract No. 81300012 as written in the above Agenda Item, increasing the contract cost in the amount of \$49,000.00, making the adjusted contract cost \$1,671,220.81.

MOTION TO	APPROVE
MADE BY	MR. KENNEDY
2 ND BY	MR. ROOSEVELT
AYES	3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 8

CHANGE ORDER NO. 1 – CONTRACT NO. 81300027

CONTRACTOR:	ORIGINAL CONTRACT COST	\$788,684.00
STC Construction, Inc.	PREVIOUS CHANGE ORDER	N/A
63 Zoar Valley	THIS CHANGE ORDER	<u>19,500.00</u>
Springville, NY 14141	ADJUSTED CONTRACT COST	\$808,184.00

WORK: Primary Bypass Modifications Project

DESCRIPTION OF CHANGE OR EXTRA WORK:

- Item #1 Provide pile splices to increase depth.
- Item #2 Remove concrete obstruction
- Item #3 Additional earthmoving required.
- Item #4 Additional concrete for additional piling.

REASON FOR CHANGE OR EXTRA WORK:

- Item #1 Designed piling depth was not sufficient for ground conditions.
- Item #2 During excavation a buried block of concrete required removal.
- Item #3 A tank leak required uncovering during the original excavation.
- Item #4 Due to existing conditions, some piles required relocation which necessitated additional concrete to be poured.

COST OF CHANGE OR EXTRA WORK:

- Item #1 \$14,000.00
- Item #2 \$ 3,500.00
- Item #3 \$ 1,000.00
- Item #4 \$ 1,000.00

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$19,500.00

The total INCREASE to the contract as a result of this Change Order is \$19,500.00

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 days, making the final completion date of 3/4/14.
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%).
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. 81300027 as written in the above Agenda Item, increasing the contract cost in the amount of \$19,500.00, making the adjusted contract cost \$808,184.00.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2ND BY MR. KENNEDY

AYES 3 NOES 0

Board Meeting of February12, 2014

ITEM NO. 9

CHANGE ORDER NO. 3 – CONTRACT NO. 85100020

CONTRACTOR:	ORIGINAL CONTRACT COST	\$ 100,000.00
Wendel Companies	PREVIOUS CHANGE ORDER	150,000.00
140 John James Audubon Pkwy	THIS CHANGE ORDER	<u>60,000.00</u>
Amherst NY 14228	ADJUSTED CONTRACT COST	\$ 310,000.00

WORK: Interior Lighting Upgrade

WHEREAS: The Bird Island Wastewater Treatment Plant (WWTP) engaged in an energy evaluation agreement with Wendel Engineering Services in an effort to replace existing indoor lighting equipment; and

WHEREAS: Wendel Companies evaluated the energy consumption and capacity of the existing electrical installations and provided the Buffalo Sewer Authority with recommendations for replacement of existing equipment; and

WHEREAS: The Buffalo Sewer Authority, after discussions with staff, and as a result of the engineering recommendations has decided to go forward with the replacement of the existing inefficient indoor lighting equipment; and

WHEREAS: The Buffalo Sewer Authority, after agreeing on a scope of work, desires to engage in an agreement that will allow Wendel Companies to move forward with the provision of design, bid, and construction services for the implementation of the project to upgrade indoor lighting throughout the Bird Island WWTP for the fee of \$60,000.00; and

WHEREAS: The Treatment Plant Administrator and staff have reviewed this scope of work for additional services and recommend approval of Change Order No. 3 to Contract No. 85100020 in the amount of \$60,000.00.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby authorizes Change Order No. 3 to Contract No. 85100020 in the amount of \$60,000.00, making the adjusted contract cost not to exceed \$310,000.00. Expenses for this contract will be funded from account no. 02000290-432004.

MOTION TO APPROVE

MADE BY MR. KENNEDY

2ND BY MR. ROOSEVELT

AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 10

EXTENSION OF THE CONTRACT FOR ELEVATOR SERVICE

WHEREAS: On December 7, 2011, the Board of the Buffalo Sewer Authority awarded a contract to Otis Elevator Company, for maintenance on (5) Treatment Plant elevators for the initial term anticipated to be nineteen months, not to exceed the pro-rated amount of \$191,000.00 from the period beginning on the date of the signed agreement through June 30, 2013, with an option to renew for three (3) one-year periods through June 30, 2016; and

WHEREAS: Otis Elevator Company has agreed to extend this contract for one(1) additional year under the same terms and conditions for fiscal year 2014-2015; and

WHEREAS: The Treatment Plant Superintendent and staff recommend this extension at a total cost not to exceed \$191,000.00.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to renew the contract with Otis Elevator Company, for Elevator Maintenance on (5) elevators in various buildings located at the Treatment Plant for the period July 1, 2014 to June 30, 2015, at a total cost not to exceed \$191,000.00. Expenses for this contract will be charged to account nos. 00380106-443421, 00520106-443421 and 00650106-443421.

MOTION TO APPROVE
MADE BY MR. ROOSEVELT
2ND BY MR. KENNEDY
AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 11

EXTENSION OF THE CONTRACT FOR PREVENTIVE MAINTENANCE OF OVERHEAD DOORS

WHEREAS: On September 11, 2013, the Board of the Buffalo Sewer Authority awarded a contract to Legacy Overhead & Entry Door Co. LLC, for the Preventive Maintenance of Overhead Doors for a one-year period, July 1, 2013 through June 30, 2014, with an option to renew for four (4) one-year periods, at total cost not to exceed \$48,120.00; and

WHEREAS: Legacy Overhead & Entry Door Co. LLC., has agreed to extend this contract for one (1) additional year under the same terms and conditions for fiscal year 2014-2015; and

WHEREAS: The Treatment Plant Superintendent, Superintendent of Mechanical Maintenance and staff recommend this extension at a total cost not to exceed \$48,120.00.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to renew the contract with Legacy Overhead & Entry Door Co. LLC for the Preventive Maintenance of Overhead Doors & Entry for the period July 1, 2014 to June 30, 2015, at a total cost not to exceed \$48,120.00. Expenses for this contract will be charged to account nos. 00520106-443421 and 00650106-443421.

MOTION TO APPROVE

MADE BY MR. KENNEDY

2ND BY MR. ROOSEVELT

AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 12

**EXTENSION OF THE CONTRACT FOR GAS BURNER SYSTEM INSPECTION,
PREVENTIVE MAINTENANCE, AND CORRECTIVE REPAIR SERVICES**

WHEREAS: On April 4, 2012, the Board of the Buffalo Sewer Authority awarded a contract to Mollenberg-Betz, Inc., for Gas Burner System Inspection, Preventive Maintenance, and Repair Services at a total cost not to exceed \$38,035.00 for the period July 1, 2012 through June 30, 2013, with an option to renew for three (3) one-year periods; and

WHEREAS: Mollenberg-Betz. Inc., has agreed to extend this contract for one (1) additional year under the same terms and conditions for fiscal year 2014-2015; and

WHEREAS: The Treatment Plant Superintendent, Principal Chief Stationary Engineer, and staff recommend this extension at a total cost not to exceed \$38,035.00

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to renew the contract with Mollenberg-Betz, Inc., for Gas Burner System Inspection, Preventive Maintenance, and Repair Services at a total cost not to exceed \$38,035.00 for the period July 1, 2014 through June 30, 2015. Expenses for this contract will be charged to account no. 00380106-443421.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2ND BY MR. KENNEDY

AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 13

**AUTHORIZATION TO ENTER INTO AN ENGINEERING SERVICES AGREEMENT -
FILLMORE AND NORTHLAND SEWER OPTIMIZATION PROJECT**

WHEREAS: In compliance with the requirements of its Long Term Control Plan (LTCP), the Buffalo Sewer Authority (the Authority) will be developing Sewer Regulatory Optimization Projects to reduce sewer overflows at various sewer patrol points (SPP); and

WHEREAS: Upon request, CHA has submitted a professional engineering services proposal for the Fillmore and Northland Sewer Optimization Project to address overflows through SPP 163; and

WHEREAS: The Authority's consultant, GHD Consulting Engineers, LLC, has reviewed this proposal and recommends retaining CHA to perform the engineering design services for this project as outlined in their proposal dated January 30, 2014, for an amount not to exceed \$38,300.00.

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to enter into an agreement with CHA to perform engineering design services for the Sewer Regulatory Optimization Project - SPP 163, in an amount not to exceed \$38,300.00. Account no. 02000359-432004 will be utilized for these services.

MOTION TO _____ APPROVE _____

MADE BY _____ MR. KENNEDY _____

2ND BY _____ MR. ROOSEVELT _____

AYES _____ 3 _____ NOES _____ 0 _____

Board Meeting of February 12, 2014

ITEM NO. 14

AUTHORIZATION FOR SEWERAGE INFRASTRUCTURE BETTERMENT AS PART OF THE OHIO STREET AND INNER HARBOR INFRASTRUCTURE IMPROVEMENTS

WHEREAS: The City of Buffalo Department of Public Works, Parks, and Streets has awarded a contract to CATCO, Inc., as the responsible low bidder, for infrastructure improvements as part of the Ohio Street and Inner Harbor Infrastructure Improvements; and

WHEREAS: CATCO, Inc., has submitted a betterment bid for Sewerage Infrastructure Improvements in the amount of \$145,000.00; and

WHEREAS: The Buffalo Sewer Authority has allocated money in their construction fund for this Sewerage Infrastructure Betterment; and

WHEREAS: The City of Buffalo Department of Public Works, Parks, and Streets and the General Manager, Principal Sanitary Engineer, and staff of the Buffalo Sewer Authority recommend awarding this contract to CATCO, Inc., at a cost not to exceed \$145,000.00

NOW THEREFORE
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves the awarding of the contract for Sewerage Infrastructure Betterment for Ohio Street and Inner Harbor Infrastructure Improvements to CATCO, Inc., for a not to exceed amount of \$145,000.00. Expenses for this contract will be charged to account no. 02000360-490740.

MOTION TO _____ APPROVE _____
MADE BY _____ MR. ROOSEVELT _____
2ND BY _____ MR. KENNEDY _____
AYES _____ 3 _____ NOES _____ 0 _____

Board Meeting of February 12, 2014

ITEM NO. 15

REPORT ON BIDS RECEIVED - SWAN TRUNK IMPROVEMENTS SPP 206 A&B MODIFICATIONS PROJECT

WHEREAS: Formal bids were advertised and solicited for the Swan Trunk Improvements SPP 206 A&B Modifications Project. The following bids were received and opened by the Buffalo Sewer Authority on January 9, 2014:

Visone Construction, Inc.	\$ 931,380.00
Occhino Corporation	\$ 1,048,187.85
E&R General Construction, Inc.	\$ 1,176,755.00
Kandey Company, Inc.	\$ 1,398,750.00
Nichols Long & Moore Construction Co.	\$ 1,486,755.00
Pinto Construction Services, Inc.	\$ 1,498,000.00
Millherst Construction, Inc.	\$ 1,498,456.05
Mark Cerrone, Inc.	\$ 1,523,485.00
Yarussi Construction, Inc.	\$ 1,593,250.00
Nova Site Company, LLC	\$ 1,621,319.58

; and

WHEREAS: The proposals were received and the contract will be awarded on the basis of unit bid and lump sum prices. The bids do not reflect the true amount of the contract; and

WHEREAS: The Authority's consultant, GHD Consulting Engineers, LLC has reviewed the proposals and recommend award of this contract to the apparent low bidder, Visone Construction, Inc.; and

WHEREAS: The Principal Sanitary Engineer and staff concur with the recommendation provided by GHD Consulting Engineers, LLC to award the contract to the lowest responsible bidder, Visone Construction, Inc.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to enter into and execute a contract with Visone Construction, Inc., at a cost not to exceed \$ 931,380.00 for the Swan Trunk Improvements SPP 206 A&B Modifications Project. Expenses for this contract will be charged to account no. 02000361-490740.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2ND BY MR. KENNEDY

AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 16

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 employees have applied for Tuition Assistance:

<u>EMPLOYEE</u>	<u>SCHOOL</u>	<u>COURSE</u>	<u>SEMESTER</u>	<u>TUITION</u>
Thomas Caulfield	Walden University	Public Administration Dissertation	Winter 2013-2014	\$3,035.00
Scott Steinwald	Buffalo State	History of American Life II	Spring 2014	\$ 918.70

WHEREAS: No Funds will be expended at this time.

NOW THEREFORE
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves the above applications for Tuition Assistance.

MOTION TO APPROVE
 MADE BY MR. KENNEDY
 2ND BY MR. ROOSEVELT
 AYES 3 NOES 0

Board Meeting of February 12, 2014

ITEM NO. 17

ADJOURNMENT OF MEETINGMOTION TO APPROVE MADE BY MR. KENNEDY 2ND BY MR. ROOSEVELT AYES 3 NOES 0

Board Meeting of February 12, 2014