

**MINUTES OF THE REGULAR MEETING**  
**OF THE**  
**BUFFALO SEWER AUTHORITY**  
**September 5, 2007**

52087.....52137



# **BUFFALO SEWER AUTHORITY**

**September 5, 2007**

**REGULAR MEETING**

**9:00 A.M.**

**1038 CITY HALL**

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|    |  |          |
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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>John E. Kennedy, Jr.</u>             | <u>Assistant Secretary</u>                                      |
| <u>David Comerford</u>                  | <u>General Manager</u>  |
| <u>Oluwole McFoy</u>                    | <u>Secretary to the General Manager</u>                         |
| <u>Ronald Brown</u>                     | <u>Executive Secretary</u>                                      |
| <u>Burt Mirti</u>                       | <u>Intergovernmental Coordinator</u>                            |
| <u>Frank DiMascio, P.E.</u>             | <u>Principal Engineer</u>                                       |
| <u>James Eagan, P.E.</u>                | <u>Senior Sanitary Engineering<br/>Supervisor</u>               |
| <u>James Keller</u>                     | <u>Treatment Plant Superintendent</u>                           |
| <u>Angel Rivera</u>                     | <u>Superintendent of Mechanical<br/>Maintenance</u>             |
| <u>Edward Hennessy</u>                  | <u>Director of Sewer Maintenance</u>                            |
| <u>Darryl McPherson</u>                 | <u>City Auditor</u>   |
| <u>Nicole Elliott</u>                   | <u>Erie County Department of<br/>Environment &amp; Planning</u> |

The meeting was called to order at 9:00 A.M. A quorum was present.

## ITEM NO. 1

Motion to Adopt the Minutes of the Meeting of July 18, 2007

|                    |                         |
|--------------------|-------------------------|
| MOTION TO          | <u>ADOPT</u>            |
| MADE BY            | <u>MR. KENNEDY, SR.</u> |
| 2 <sup>ND</sup> BY | <u>MR. ROOSEVELT</u>    |
| AYES               | <u>5</u> NOES <u>0</u>  |

Board Meeting of September 5, 2007

## ITEM NO. 2

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

August 27, 2007

| ISSUE DATE                                 | MATURITY DATE | TOTAL DAYS | AMOUNT                 | BANK              | RATE  | INTEREST AMOUNT |
|--|---------------|------------|------------------------|-------------------|-------|-----------------|
| <b>CAPITAL IMPROVEMENT FUND</b>            |               |            |                        |                   |       |                 |
| 15-Apr-02                                  | Money Market  |            | \$500,000.00           | Chase             | 4.85% | High Yield      |
| <b>CONSTRUCTION FUND</b>                   |               |            |                        |                   |       |                 |
| 08-Apr-02                                  | Money Market  |            | \$1,926,385.81         | Chase             | 4.85% | High Yield      |
| 06-Aug-07                                  | 05-Sep-07     | 30         | \$15,000,000.00        | Citizens          | 5.16% | \$64,500.00     |
| 16-Aug-07                                  | 15-Oct-07     | 60         | \$13,400,000.00        | Citizens          | 5.22% | \$116,580.00    |
|  |               |            | <u>\$30,326,385.81</u> |                   |       |                 |
| <b>LIABILITY AND CASUALTY RESERVE FUND</b> |               |            |                        |                   |       |                 |
|  |               |            | .10                    | Citizens Checking |       |                 |
| 22-Apr-02                                  | Money Market  |            | \$137,899.04           | Chase             | 4.85% | High Yield      |
| 30-Jul-07                                  | 29-Aug-07     | 30         | \$929,636.17           | Citizens          | 5.15% | \$3,989.69      |
|  |               |            | <u>\$1,067,535.31</u>  |                   |       |                 |
| <b>OPERATING FUND</b>                      |               |            |                        |                   |       |                 |
| 08-Apr-02                                  | Money Market  |            | \$3,005,916.37         | Chase             | 4.85% | High Yield      |
| <b>TRUST &amp; AGENCY FUND</b>             |               |            |                        |                   |       |                 |
| 06-May-02                                  | Money Market  |            | \$27,741.22            | Chase             | 4.85% | High Yield      |
| <b>SURPLUS FUND</b>                        |               |            |                        |                   |       |                 |
|  |               |            | \$375.77               | MTB Funds         |       |                 |
| 29-Jun-07                                  | 27-Sep-07     | 90         | \$5,308,354.90         | M&T Securities    | 5.18% | \$69,645.10     |
|  |               |            | <u>\$5,308,730.67</u>  |                   |       |                 |
| <b>NET REVENUE FUND</b>                    |               |            |                        |                   |       |                 |
|  |               |            | \$259.23               | MTB Funds         |       |                 |
| 25-Jul-07                                  | 25-Sep-07     | 62         | \$6,200,000.00         | Citizens          | 5.20% | \$55,524.44     |
| 10-Aug-07                                  | 25-Oct-07     | 76         | \$2,700,000.00         | Citizens          | 5.23% | \$29,811.00     |
| 27-Aug-07                                  | 26-Nov-07     | 91         | \$4,899,971.51         | M&T Securities    | 5.26% | \$66,028.49     |
|  |               |            | <u>\$13,800,230.74</u> |                   |       |                 |



| ISSUE DATE                        | MATURITY DATE | TOTAL DAYS | AMOUNT         | BANK                       | RATE  | INTEREST AMOUNT |
|-----------------------------------|---------------|------------|----------------|----------------------------|-------|-----------------|
| <b>DEBT RESERVE FUND</b>          |               |            |                |                            |       |                 |
| 15-May-07                         | 15-May-08     | 366        | \$1,255,988.58 | Series F<br>FNMA           | 5.00% |                 |
| 23-Sep-03                         | 15-Aug-08     | 1788       | \$7,350,000.00 | Series I<br>M&T Securities | 3.25% |                 |
| 13-Mar-03                         | 15-Apr-32     |            | \$2,825,593.00 | Series H<br>SLG            | 4.35% |                 |
| 04-Mar-04                         | 15-Nov-33     |            | \$774,061.00   | Series J<br>SLG            | 3.82% |                 |
| 22-Jul-04                         | 15-Feb-33     |            | \$498,654.00   | Series K<br>SLG            | 4.63% |                 |
| 27-Jul-06                         | 01-Oct-35     |            | \$952,666.00   | Series L<br>SLG            | 4.52% |                 |
| <b>CONSTRUCTION FUND SERIES H</b> |               |            |                |                            |       |                 |
|                                   |               |            | \$272,851.09   | MTB Funds                  |       |                 |
| <b>CONSTRUCTION FUND SERIES K</b> |               |            |                |                            |       |                 |
| 16-Aug-07                         | 30-Aug-07     | 14         | \$58,024.99    | Chase                      | 5.20% | \$117.34        |

**RECEIVE & FILE**

Board Meeting of September 5, 2007

ITEM NO. 3

**INFORMATIVE: REPORT ON FISCAL YEAR 2007-08 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 2007-08 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 September 5, 2007

**BUFFALO SEWER AUTHORITY**

**Report on Fiscal Year 2007-08 Rates and  
Charges for Sewer Services**

**June 22, 2007**

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Buffalo Sewer Authority  
1038 City Hall  
Buffalo, NY 14202

To the Board Members of the Buffalo Sewer Authority

We are pleased to submit our report on the adequacy of Fiscal Year July 1, 2007 – June 30, 2008 (Fiscal Year 2007-08) rates and charges for sewer service in the City of Buffalo. The report presents background information regarding the Sewer System, the anticipated cash receipts and disbursements for Fiscal Year 2007-08.

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. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We 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 FOTI MILK*

Lisa Foti-Milk, CPA  
Rate Consultant

Buffalo, New York  
June 22, 2007

## SECTION I – INTRODUCTION

### A. Overview of the Fiscal Year 2007-08 Rate Study

This report presents the rate study findings for the City of Buffalo Sewer System. The Report presents findings regarding the Fiscal Year 2007-08 revenue requirements of the Sewer System and the adequacy of budgeted sewer rates and charges.

The report is structured in four sections:

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

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

### B. The Buffalo Sewer System

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

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

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

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

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

- Sufficient cash receipts must be raised by rates and charges and other sources of revenues to satisfy the revenue requirements of the Sewer System;
- 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 2007-08 Rate Study Methodology and Report Structure**

The Fiscal Year 2007-08 Rate Study has two principal components:

- A determination of the cash requirements for the Sewer System in Fiscal Year 2007-08; 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 of the Sewer System in Fiscal Year 2007-08. 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 2007-08 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 2007-08 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 2007-08 cash disbursements are provided below. Estimated cash requirements are provided for each category of expenditure.

### *Debt Service (\$13,177,000)*

This category of cash disbursements includes the scheduled interest payments to the debt service trustee in Fiscal Year 2007-08 on the outstanding Sewer System Revenue Bonds. The Fiscal 2007-08 Capital Plan does not require any new bonded debt in Fiscal 2007-08. \$13.2M is anticipated to be transferred to the Construction Fund to facilitate required improvements to the system as outlined in the approved Five Year Capital Plan.

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.

### *Lease Payments (\$129,000)*

This category includes the payments for a Dump truck. Lease payments are scheduled through 2009. Such amounts are not considered bond indebtedness and accordingly, are not part of the debt service used in the coverage calculation. Instead, lease payments are recognized as an operating expense and are included in the coverage calculation as such. The impact, if any, of anticipated future lease arrangements have not been considered as of the date of this report.



*General Administration (\$1,343,000)*

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 (\$23,127,000)*

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 (\$564,000)*

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.

Approximately 180 industries are permitted to discharge waste into the Authority's sewers. These industries amount for approximately 6% of the total flow and 8.67% of the conventional loading to the Waste Water Treatment Plant.

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 (\$722,000)*

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 (\$2,856,000)*

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 (\$7,488,000)*

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 Board of the Buffalo Sewer Authority approved a one-year labor agreement with CSEA Local 815, which is the white collar union of the Authority. This calls for a 2% cost of living increase. This agreement expired June 30, 2006, negotiations are still ongoing. The labor agreement with the Communications Workers of America (CWA), the blue collars union expired June 30, 2002 and was finally settled through June 30, 2007. The contract calls for a 10% increase over the five year period. Negotiations for a new contract are ongoing as well.

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

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.

*Miscellaneous and Contingencies (\$850,000)*

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 (\$599,000)*

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 (\$1,977,000)*

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 2007-08 are \$40,578,000.

### 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 three customers, BMHA, Luvata and Rich Products Corporation represent more than 1% of the sewer billings. Each of the customers is less than 2.5% of the billed amount for sewer.

Based on Authority billing records for Fiscal Year Ending June 30, 2006, the largest consumers are as follows:

| Customer                   | Sewer Rent<br>On Assessed<br>Valuation | Sewer Rent<br>On Water Use | Industrial<br>Waste<br>Surcharge | Total<br>Rent |
|----------------------------|--|----------------------------|----------------------------------|---------------|
| BMHA                       | 165,120                                | 655,161                    | 0                                | 820,281       |
| Luvata                     | 18,129                                 | 623,933                    | 0                                | 642,062       |
| Rich Products Corporation  | 18,715                                 | 55,416                     | 384,205                          | 458,336       |
| Buffalo Board of Education | 0                                      | 209,965                    | 0                                | 209,965       |
| SUNYAB                     | 0                                      | 198,754                    | 0                                | 198,754       |
| Sorrento Cheese            | 9,959                                  | 1,465                      | 171,349                          | 182,773       |
| Niagara Mohawk             | 150,424                                | 27,820                     | 0                                | 178,244       |
| ECMC                       | 0                                      | 177,489                    | 0                                | 177,489       |
| Russer Foods               | 11,906                                 | 136,565                    | 24,067                           | 172,538       |
| Veterans Hospital          | 0                                      | 171,366                    | 0                                | 171,366       |

## **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 increase by \$482,988,719, and the levy of sewer rents based on assessed value for 2007-08 will remain constant at \$12,050,000. This will result in an annual sewer rent of approximately \$1.80130748 per \$1,000 of assessed valuation which is an adjustment of (\$.14017524) 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 2007-08 reflect these Sewer Authority actions.

## **D. Anticipated Fiscal Year 2007-08 Cash Receipts**

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

Based on current estimates, cash receipts from user charges are expected to be \$28,912,000 in Fiscal Year 2006-07. This is based upon unaudited cash receipts through April 2007 and projected through June 30, 2007. The expected cash receipts in Fiscal Year 2007-08 are \$29,604,000. Payments on current as well as in arrears accounts have been considered in this projection.

### ***Assessment Sewer Rent (\$11,836,000)***

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 \$11,836,000 for Fiscal Year 2007-08. This is based upon the estimated assessed value of chargeable property for fiscal year 2007-08, which remained constant from the previous year.

***Outside City Contracts (\$9,700,000)***

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 (\$891,000)***

Industrial waste revenue accounts for less than 2% 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 (\$2,459,000)***

Interest income includes interest on investments from both the operating and debt service funds, 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 (\$904,000)***

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 2007-08 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.

### ANTICIPATED FISCAL 2007-08 CASH REQUIREMENTS

#### Cash Requirements

|   |              |                            |
|---|--------------|----------------------------|
| Debt Service  |              | \$ 13,177,000              |
| Operating Disbursements:  |              |                            |
| General administration  | \$ 1,343,000 |                            |
| Waste Water Treatment Facilities  | 23,127,000   |                            |
| Industrial Waste  |              | 564,000                    |
| Sewer System Engineering  | 722,000      |                            |
| Sewer Maintenance Department  | 2,856,000    |                            |
| Employee benefits   | 7,488,000    |                            |
| City of Buffalo and Collection Services   | 2,900,000    |                            |
| Miscellaneous and contingency   | 850,000      |                            |
| Capital Improvements, including<br>Departmental capital outlays &<br>-on-going projects | 599,000      |                            |
| Operating lease payments  | 129,000      |                            |
| Total operating disbursements   |              | <u>40,578,000</u>          |
| Total cash disbursements  |              | 53,755,000                 |
| Less amounts available for use for<br>Capital Improvements                              |              | (599,000)                  |
| Add debt service coverage provision <sup>1</sup>  |              | <u>1,977,000</u>           |
| <b>Total anticipated cash requirements</b>  |              | <b><u>\$55,133,000</u></b> |

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<sup>1</sup> Debt service coverage is not required on capital lease payments.



**Exhibit 2****ANTICIPATED FISCAL 2007-08 CASH RECEIPTS****Cash Receipts**

## Operating Revenue:

|                              |               |
|------------------------------|---------------|
| Metered and Flat Sewer Rents | \$ 29,604,000 |
| Assessment Sewer Rent        | 11,836,000    |
| Outside City Contracts       | 9,700,000     |
| Industrial Waste             | 891,000       |

## Other Revenues:

|  |                |                            |
|--|----------------|----------------------------|
| Interest Income                        | 2,459,000      |                            |
| Miscellaneous                          | <u>904,000</u> |                            |
| <b>Total anticipated cash receipts</b> |                | <b><u>\$55,394,000</u></b> |

ITEM NO. 4

**INVESTMENT GUIDELINES OF THE BUFFALO SEWER AUTHORITY**

WHEREAS: In Accordance with Title 7, Section 2925 of the Public Authorities Law, every public authority and every public benefit corporation, whether or not such corporation is otherwise governed by this chapter, shall by resolution adopt comprehensive investment guidelines which detail the corporation's operative policy and instructions to officers and staff regarding the investing, monitoring, and reporting of funds of the corporation; and

WHEREAS: The guidelines so approved shall be annually reviewed and approved by the corporation.

NOW THEREFORE  
BE IT RESOLVED: That the Buffalo Sewer Authority does adopt the following investment guidelines that reflect the updated Bond Resolution adopted May 3, 1993:

**Investment Guidelines**

**Section 1. Definitions.**

In this Resolution the following terms shall have the following meanings unless the context otherwise requires:

"Authority" shall mean the Buffalo Sewer Authority, a body corporate and politic constituting a public benefit corporation of the State of New York and any body, board, authority, agency, or political subdivision or instrumentality of the State which shall hereafter succeed to the powers, duties, and functions thereof.

"Investment Securities" shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the Authority of the funds to be invested therein:

(1) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal

Home Loan Mortgage Corporation (“FHLMCS”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FNMA’s”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMA’s”); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities;

(3) Direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Services and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision, or agency whose unsecured, uninsured, and unguaranteed general obligation debt is rated, at the time of purchase "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;

(4) Federal funds, unsecured certificates of deposit, time deposits, or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that fully and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P;

(5) Deposits of any bank or savings and loan association which has combined capital, surplus, and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(6) Investments in money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation;

(7) Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's, or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service, and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction.

“Trustee” shall mean Manufacturers and Traders Trust Company, Buffalo, New York, and its successor or successors and any other person which may at the time be substituted in its place.

## **Section 2. Collateral**

Certificates of Deposit (CD), Time Deposit Accounts (TDA), and Negotiable Order of Withdrawal Accounts (NOW) shall be fully secured by insurance of the Federal Deposit Insurance Corporation, obligations of New York State, obligations of the United States, obligations of federal agencies the principal and interest of which are guaranteed by the United States, or obligations of New York State local governments.

The market value of collateral shall at all times equal or exceed the principal amount of the certificate of deposit, time deposits, or NOW accounts. Market value shall mean the bid or closing price as quoted in the Wall Street Journal or as quoted by another recognized pricing service. The Supervising Accountant shall monitor the collateral no less frequently than monthly.

Securities purchased through a Repurchase Agreement shall be valued to market once during the tenure of the agreement and no less than once a month.

Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations of the United States, and obligations of federal agencies the principal and interest of which are guaranteed by the United States Government.

## **Section 3. Funds**

In accordance with the Authority's Sewer System Revenue Bond Resolution adopted June 29, 1977, and as amended May 3, 1993, the following special trust funds were established:

1. Construction Fund
2. Net Revenue Fund
3. Debt Reserve Fund
4. Redemption Fund
5. Surplus Fund
6. Rebate Fund

All of said Funds are held by the Trustee.

In addition to the Funds held by the Trustee, the Authority established an Operating Fund and a Capital Improvement Fund held by a Depository designated by and under the supervision of the Authority.

**Section 4. Investments**

Moneys in any Fund held by the Trustee or the Authority shall be continuously invested and reinvested or deposited and redeposited on terms which in the judgment of the Authority provide reasonable liquidity, in the highest yield Investment Securities that may be reasonably known, with a view toward maximizing yield (with proper preservation of principal) and minimizing the instances of uninvested funds. The Authority shall consult with the Trustee from time to time as to the investment of amounts in the Funds. The Authority through an Authorized Officer may direct the Trustee to or, in the absence of direction, the Trustee shall invest and reinvest the moneys in any such Fund held by it in Investment Securities so that the maturity date or dates of redemption at the option of the holder thereof shall coincide as nearly as practicable with the times at which moneys are needed to be so expended. The Trustee shall sell at the best price obtainable, or present for redemption, any Investment Securities purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund for which such investment was made.

Investment Securities purchased as an investment of moneys in any Fund shall be deemed at all times to be a part of such Fund but the income or interest earned and gains realized in excess of losses suffered by a Fund due to the investment thereof shall be deposited in the Operating Fund as Revenues or shall be reinvested and credited to the Operating Fund.

Moneys in any Fund held by the Trustee may be invested in common with the moneys held in any other such Fund.

The Authority may utilize the service of the office of the Comptroller of the City of Buffalo to obtain the highest available investment yield.

**Section 5. Deposits**

In lieu of Investment Securities, the Trustee shall at the written direction of an Authorized Officer of the Authority deposit amounts or cause amounts to be deposited from any Fund held by the Trustee in interest bearing time deposits or certificates of deposit, or shall make other similar banking arrangements with itself or a member bank or banks of the Federal Reserve System or a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation or its successor, or a savings and loan association, the deposits of which are insured by the Federal Savings and Loan Insurance Corporation or its successor. Each such interest bearing time deposit or certificate of deposit or other similar banking arrangement shall permit the moneys so placed to be available at the times at which moneys are needed to be expended, and, except to the extent that any such deposit shall be less than \$5,000 or be insured by the United States of America or the federal corporations enumerated above, all moneys in each such interest bearing time

deposit or certificate of deposit or other similar banking arrangement shall be continuously and fully secured as stated in Section 2.

In order to permit such amounts to be available for use at the time when needed, any amounts held by any Fiduciary, as such, any, if and as directed by an Authorized Officer of the Authority, be deposited in the commercial banking department of such Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. Any such Fiduciary shall allow and credit on such amounts at least such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

All amounts of more than \$5,000 deposited by any Fiduciary pursuant to the paragraph above shall be continuously and fully secured by lodging with the Trustee as custodian, as collateral security, investment securities having a market value not less than the amount of such deposit plus accrued interest.

All amounts so deposited by any Fiduciary shall be credited to the particular Fund from which such amounts were derived, but any income derived in connection with such deposits shall be credited to, and shall be deposited as received in, the Operating Fund; except that any income derived in connection with deposits in the Debt Reserve Fund shall be credited to and deposited as received in the Debt Reserve Fund. Whenever on any valuation date, as provided in the bond resolution as amended on May 3, 1993, the amount in the Debt Reserve Fund exceeds the Debt Reserve requirement, the Trustee may, if directed by the Certificate of an authorized officer of the Authority, withdraw from the Debt Reserve Fund the amount of any excess therein over the Debt Reserve Requirement as of the date of such withdrawal and deposit the moneys so withdrawn into the Operating Fund.

|                    |                              |               |
|--------------------|------------------------------|---------------|
| MOTION TO          | <u>APPROVE</u>               |               |
| MADE BY            | <u>MR. KENNEDY, SR.</u>      |               |
| 2 <sup>ND</sup> BY | <u>MS. WILSON-DIVINCENZO</u> |               |
| AYES               | <u>5</u>                     | NOES <u>0</u> |

Board Meeting of September 5, 2007

## ITEM NO. 5

**CLAIM AGAINST LIABILITY AND CASUALTY RESERVE FUND**

WHEREAS: On August 8, 2006, National Grid, Law Department, 300 Erie Boulevard West, Syracuse, New York, filed a claim with the Buffalo Sewer Authority for damages that occurred on July 5, 2006, to street light wire located at 2423 Seneca Street, Buffalo, New York; and

WHEREAS: The City of Buffalo Law Department and the General Manager reviewed this Claim and determined that the Buffalo Sewer Authority is liable; and

WHEREAS: The City of Buffalo Law Department recommends full settlement of this Claim in the amount of \$1,090.37.

NOW THEREFORE  
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to make payment to National Grid, Law Department, 300 Erie Boulevard West, Syracuse, New York in the amount of \$1,090.37 as full settlement. This Claim will be paid out of the Liability and Casualty Reserve Fund.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

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

AYES 5 NOES 0

Board Meeting of September 5, 2007

ITEM NO. 6

**PAYMENT FROM JUDGMENT AND CLAIMS**

WHEREAS: Board approval is required for charges made against the Buffalo Sewer Authority's current budget for services and/or materials received during a prior fiscal year; and

WHEREAS: The following materials were received during a prior fiscal year and charged to the 2007-2008 budget account no. 00800108-480214:

| <b>VENDOR</b>           | <b>AMOUNT</b> |
|-------------------------|---------------|
| VWR International, Inc. | \$134.96      |
| ; and                   |               |

WHEREAS: The Treatment Plant Superintendent and Associate Chemist in charge of the Laboratory recommend the above payment from the Judgment and Claims account.

NOW THEREFORE  
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby approves the above payment from the Judgment and Claims account no. 00800108-480214.

MOTION TO APPROVE

MADE BY MR. KENNEDY, JR.

2<sup>ND</sup> BY MS. WILSON-DIVINCENZO

AYES 5 NOES 0

Board Meeting of September 5, 2007



## ITEM NO. 7

**TRAVEL AUTHORIZATION - ALBANY, NEW YORK**

WHEREAS: The Buffalo Sewer Authority is in the process of developing a Geographic Information System (GIS). The system will provide faster and easier access for Buffalo Sewer Authority personnel in planning, design, construction, operation, and maintenance of the sewer system; and

WHEREAS: The 23<sup>rd</sup> Annual New York State GIS Conference is being held in Albany, New York, from October 1 through October 2, 2007; and

WHEREAS: The Buffalo Sewer Authority has been awarded a New York State Archives Local Government Records Management Improvement Fund (LGRMIF) Grant. This grant provides for the BSA to be reimbursed for the costs associated with this conference in an amount not to exceed \$533.00; and

WHEREAS: The Senior Sanitary Engineering Supervisor is instrumental in the development of this project; and

WHEREAS: The General Manager recommends his attendance at the 23<sup>rd</sup> Annual New York State GIS Conference.

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby authorizes travel for the Senior Sanitary Engineering Supervisor to attend the 23<sup>rd</sup> Annual New York State GIS Conference from October 1 through October 2, 2007, in Albany, New York, at a total cost not to exceed \$533.00. The cost for this conference will be charged to account no. 00600104-458010 and will be reimbursed to the BSA with funds from the New York State Archives LGRMIF Grant awarded to the BSA.

MOTION TO APPROVE

MADE BY MR. KENNEDY, SR.

2<sup>ND</sup> BY MS. WILSON-DIVINCENZO

AYES 5 NOES 0

Board Meeting of September 5, 2007

ITEM NO. 8

**AUTHORIZATION FOR RENEWAL OF AGREEMENT FOR SOFTWARE MANAGEMENT SERVICES**

WHEREAS: Buffalo Sewer Authority installed a Supervisory Control and Data Acquisition (SCADA) System for its daily plant operations in 1999. This system monitors and controls plant processes; and

WHEREAS: On July 18, 2007, the Board of the Buffalo Sewer Authority designated ABB Automation, Inc., the original equipment manufacturer of this proprietary system, as a sole source for support of the SCADA system; and

WHEREAS: The current software management service agreement expired on June 30, 2007. ABB Automation, Inc., was contacted by Authority staff and advised that due to staff changes they failed to notify the Authority of the expiration. ABB is continuing their service agreement with no interruption in service. The software management service agreement provides the Buffalo Sewer Authority with the latest software versions to insure the continued viability of the SCADA system; and

WHEREAS: The Treatment Plant Superintendent, Computer Systems Coordinator, and staff recommend approval to renew this agreement for fiscal year 2007-2008 with ABB Automation, Inc., for software management services in the amount of \$32,500.00 (reduction from previous year of \$38,289.00 due to restructuring of fees by ABB).

NOW THEREFORE  
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby authorizes the General Manager to renew the agreement with ABB Automation, Inc., for software management services in the amount of \$32,500.00. The costs associated with the renewal of this agreement will be charged to account no. 00200106-443420.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

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

AYES 5 NOES 0

Board Meeting of September 5, 2007

## ITEM NO. 9

**AUTHORIZATION TO PURCHASE TURF UTILITY VEHICLES UNDER STATE CONTRACT**

WHEREAS: The Buffalo Sewer Authority's Yards and Grounds Department is in need of turf utility vehicles for transportation of equipment and workers at the Treatment Plant; and

WHEREAS: The Supervisor of Grounds and Superintendent of Mechanical Maintenance request the following available under State Contract:

| <b>State Contract</b>                                | <b>Vendor</b>   | <b>Item</b>  | <b>Quantity</b> | <b>Cost</b>        |
|--|---|--|-----------------|--------------------|
| PC63062 (SB)<br>Group 45001<br>Award 20882<br>Item 1 | Grassland<br>Equipment &<br>Irrigation<br>Corporation | Turf Utility<br>Vehicle –<br>Toro #07264<br>Workman 1110 | 2               | \$5,879.00 each    |
| <b>TOTAL</b>   |   |  |                 | <b>\$11,758.00</b> |

; and

WHEREAS: The Treatment Plant Superintendent recommends the purchase of the above two (2) turf utility vehicles at a cost of \$5,879.00 each, for at total cost of \$11,758.00.

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority authorizes the General Manager to purchase two (2) turf utility vehicles at a total cost of \$11,758.00 available under State Contract from Grassland Equipment and Irrigation Corporation. This purchase will be charged to account no. 00530107-474100.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

2<sup>ND</sup> BY MS. WILSON-DIVINCENZO

AYES 5 NOES 0

Board Meeting of September 5, 2007

## ITEM NO. 10

**AUTHORIZATION FOR ENGINEERING AND TECHNICAL SERVICES - EMISSIONS TESTING**

WHEREAS: The New York State Department of Environmental Conservation (NYSDEC) has issued the Buffalo Sewer Authority a new Title V permit in accordance with applicable provisions of Environmental Conservation Law for the period January 24, 2007 to January 23, 2012; and

WHEREAS: The Buffalo Sewer Authority is required to comply with the conditions of this new permit; and

WHEREAS: Condition No. 33, Compliance Certification, states that a stack test for particulates, Nitrogen Oxide (NOx) must be completed on one of the auxiliary boilers utilizing natural gas and digester gas at the Treatment Plant; and

WHEREAS: Condition No. 35, Compliance Certification, states that a stack test for particulates, Nitrogen Oxide (NOx) and Carbon Monoxide (CO), must be completed on one of the three incinerators at the Treatment Plant; and

WHEREAS: Both of the above Conditions must be completed once per permit term, within the first year of the permit; and

WHEREAS: Buffalo Sewer Authority staff contacted Conestoga-Rovers & Associates (CRA) Infrastructure & Engineering, Inc., and, under the recommendation of the NYSDEC, Empire Stack Testing, LLC. Both firms abide by USEPA 40CFR60 Code of Regulations, NYSDEC, and specific permit requirements. The following proposals were received and evaluated for this mandated emissions testing:

|   | Empire Stack Testing, LLC | CRA                |
|---|---------------------------|--------------------|
| Phase 1 Preliminary Testing<br>(based upon 2 test days) | \$14,500.00               | \$16,700.00        |
| Phase 2 Compliance Testing                              | \$12,500.00               | \$12,600.00        |
| <b>Total Cost</b>                                       | <b>\$27,000.00</b>        | <b>\$29,300.00</b> |

; and

WHEREAS: The Treatment Plant Superintendent, Principal Chief Stationary Engineer, and staff have reviewed and evaluated both proposals and recommend this mandatory emissions testing be awarded to Empire Stack Testing, LLC, at a total cost not to exceed \$27,000.00.

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority authorizes the General Manager to award the mandatory emissions testing to Empire Stack Testing, LLC, at a total cost not to exceed \$27,000.00. Costs associated with this mandatory emissions testing will be charged to account no. 00380106-432004.

MOTION TO                     APPROVE                    

MADE BY           MS. WILSON-DIVINCENZO          

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

AYES           5           NOES           0          

Board Meeting of September 5, 2007

ITEM NO. 11

**AUTHORIZATION TO PURCHASE RESTOCK OF PARTS FOR VAUGHAN CHOPPER PUMPS**

WHEREAS: On July 18, 2007, the Board of the Buffalo Sewer Authority designated Vaughan Company, Inc., the original equipment manufacturer, and/or their authorized local service representative as a sole source for replacement parts, supplies, and service for the Vaughan chopper pumps located at the Treatment Plant; and

WHEREAS: The Superintendent of Mechanical Maintenance has determined that additional restock of miscellaneous replacement parts for these Vaughan chopper pumps is needed; and

WHEREAS: Pioneer Pump Systems, the authorized local representative for Vaughan Company, Inc., has submitted a quote in the amount of \$17,829.60, plus freight charges estimated not to exceed \$650.00, for these necessary replacement parts; and

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

WHEREAS: The Treatment Plant Superintendent, Superintendent of Mechanical Maintenance, and staff recommend the purchase of these necessary replacement parts for the Vaughan chopper pumps from Pioneer Pump Systems at a cost of \$17,829.60, plus freight charges estimated not to exceed \$650.00.

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 Vaughan chopper pumps from Pioneer Pump Systems at a cost of \$17,829.60, plus freight charges estimated not to exceed \$650.00. This purchase will be charged to account no. 00260105-466107.

MOTION TO APPROVE

MADE BY MR. KENNEDY, SR.

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

AYES 5 NOES 0

## ITEM NO. 12

**AUTHORIZATION TO PURCHASE RESTOCK OF PARTS FOR EIM VALVE ACTUATORS**

WHEREAS: On July 18, 2007, the Board of the Buffalo Sewer Authority designated EIM Controls, the original equipment manufacturer, and/or their authorized local service representative as a sole source for replacement parts, supplies, and service for the EIM valve actuators and controls located at the Treatment Plant; and

WHEREAS: The Superintendent of Mechanical Maintenance has determined that additional restock of miscellaneous replacement parts for these EIM valve actuators is needed; and

WHEREAS: Nibsco Automation, the authorized local representative for EIM Controls, has submitted a quote in the amount of \$23,814.00, plus freight charges estimated not to exceed \$890.00, for these necessary replacement parts; and

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

WHEREAS: The Treatment Plant Superintendent, Superintendent of Mechanical Maintenance, and staff recommend the purchase of these necessary replacement parts for the EIM valve actuators from Nibsco Automation at a cost of \$23,814.00, plus freight charges not to exceed \$890.00.

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 EIM valve actuators from Nibsco Automation at a cost of \$23,814.00, plus freight charges not to exceed \$890.00. This purchase will be charged to account nos. 00330105-466107 and 00520105-466107.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

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

AYES 5 NOES 0

Board Meeting of September 5, 2007

ITEM NO. 13

**AUTHORIZATION TO PURCHASE REPAIR PARTS FOR SLUDGE THICKENERS**

WHEREAS: On July 18, 2007, the Board of the Buffalo Sewer Authority designated Siemens Water Technologies, the original equipment manufacturer, and/or their authorized local service representative as a sole source for replacement parts, supplies, and service for the sludge thickeners located at the Treatment Plant; and

WHEREAS: The Superintendent of Mechanical Maintenance has determined a need for replacement parts for these thickeners; and

WHEREAS: Siemens Water Technologies has submitted a quote in the amount of \$17,712.00, plus freight charges of \$725.00, for these necessary replacement parts; and

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

WHEREAS: The Treatment Plant Superintendent, Superintendent of Mechanical Maintenance, and staff recommend the purchase of these necessary replacement parts for the sludge thickeners from Siemens Water Technologies, at a cost of \$17,712.00, plus freight charges of \$725.00.

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 sludge thickeners from Siemens Water Technologies at a cost of \$17,712.00, plus freight charges of \$725.00. This purchase will be charged to account no. 00340105-466107.

MOTION TO APPROVE

MADE BY MR. KENNEDY, JR.

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

AYES 5 NOES 0

Board Meeting of September 5, 2007



ITEM NO. 14

**AUTHORIZATION TO AMEND BOARD RESOLUTION ITEM NO. 15 OF THE BOARD MEETING OF JULY 18, 2007**

WHEREAS: On July 18, 2007, the Board of the Buffalo Sewer Authority approved Item No. 15, Certificate of Acceptance and Occupancy for Quackenbush Co., Inc., Contract No. 84700006 for the Demolition & Installation of Sludge Replacement Equipment Project; and

WHEREAS: The total amount of the bid should read: "\$261,790.00"; and

WHEREAS: The final payment to the Contractor should read: "Final payment be made to the Contractor in the amount of \$13,569.75, increased \$9,605.00 by Change Order No. 1, making the final cost of the contract \$271,395.00."

NOW THEREFORE  
BE IT RESOLVED: That the Board of the Buffalo Sewer Authority hereby amends Board Resolution Item No. 15 of the Board Meeting of July 18, 2007, Certificate of Acceptance and Occupancy for Quackenbush Co., Inc., Contract No. 84700006 for the Demolition & Installation of Sludge Replacement Equipment Project to read as stated above.

MOTION TO APPROVE

MADE BY MS. WILSON-DIVINCENZO

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

AYES 5 NOES 0

Board Meeting of September 5, 2007

ITEM NO. 15

**AUTHORIZATION TO ENTER INTO AN ENGINEERING SERVICES AGREEMENT WITH CONESTOGA-ROVERS & ASSOCIATES (CRA) INFRASTRUCTURE & ENGINEERING, INC., FOR EVALUATION OF RELOCATING KELLY ISLAND PUMP STATION S**

WHEREAS: The Buffalo Sewer Authority is currently partnering with Erie County in evaluating the feasibility of redirecting wastewater flows from the City of Lackawanna and outer harbor to the Buffalo Sewer Authority sewer system and Pump Station S; and

WHEREAS: Concurrent with on the ongoing feasibility study, the Buffalo Sewer Authority has been requested to consider relocating the pump station as part of the Erie Canal Inner Harbor Redevelopment Project; and

WHEREAS: CRA Infrastructure & Engineering, Inc., is currently conducting the Lackawanna Study on behalf of the Buffalo Sewer Authority and Erie County; and

WHEREAS: CRA Infrastructure & Engineering, Inc., has submitted a proposal to address the feasibility of relocating Pump Station S in concert with the ongoing Lackawanna Study; and

WHEREAS: The Principal Sanitary Engineer of the Buffalo Sewer Authority has reviewed the proposal and recommends acceptance; and

WHEREAS: Due to scheduling issues with the ongoing Lackawanna Study, the Board was polled on August 9, 2007, and gave verbal authorization to engage CRA Infrastructure & Engineering, Inc., pursuant to their proposal; and

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

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby formally authorizes the General Manager to enter into and execute a contract with CRA Infrastructure & Engineering, Inc., pursuant to their proposal to evaluate the feasibility of relocating Kelly Island Pump Station S at a cost not to exceed \$116,000.00. The costs associated with this contract shall be charged to account no. 0200285-432004.

MOTION TO APPROVE

MADE BY MR. KENNEDY, SR.

2<sup>ND</sup> BY MS. WILSON-DIVINCENZO

AYES 5 NOES 0

Board Meeting of September 5, 2007

ITEM NO. 16

**AUTHORIZATION TO ENTER INTO A THREE (3) YEAR ENGINEERING SERVICES AGREEMENT WITH NUSSBAUMER & CLARKE, INC.; WENDEL DUCHSCHERER, P.C.; GREENMAN-PEDERSEN, INC.; WATTS ARCHITECTURE & ENGINEERING, P.C.; and PARSONS ENGINEERING OF NEW YORK, INC.**

WHEREAS: There is a need to retain the services of professional engineering firms on an as needed and as directed basis for small to medium size capital improvement projects; and

WHEREAS: A total of sixteen (16) engineering firms responded to a request for proposal via public notice advertised in the Buffalo News; and

WHEREAS: A Consultant Selection Committee reviewed and ranked the proposals received; and

WHEREAS: Eight (8) firms were invited for personal interviews; and

WHEREAS: Based upon the proposal review and personal interviews, the Consultant Selection Committee, consisting of the General Manager, Secretary to the General Manager, Principal Sanitary Engineer, Treatment Plant Supervisor, Treatment Plant Administrator, and Administrator of Capital Improvements & Development, recommends retaining the following firms for a three (3) year Engineering Services Term Agreement:

1. Nussbaumer & Clarke, Inc.
2. Wendel Dushcherer, P.C.
3. Greenman-Pedersen, Inc.
4. Watts Architecture & Engineering, P.C.
5. Parsons Engineering of New York, Inc.



## ITEM NO. 17

**CHANGE ORDER NO. 1 – CONTRACT NO. 84700004**

|                           |                        |                 |
|---------------------------|------------------------|-----------------|
| CONTRACTOR:               | ORIGINAL CONTRACT COST | \$100,000.00    |
| John W. Danforth          | THIS CHANGE ORDER      | <u>3,069.00</u> |
| 300 Colvin Woods Parkway  | FINAL CONTRACT COST    | \$103,069.00    |
| Tonawanda, New York 14150 |                        |                 |

WORK: In-Plant Mechanical Maintenance Contract

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**DESCRIPTION OF CHANGE OR EXTRA WORK:**

- Item #1 Upgrade of sump pit in the Administration Building.
- Item #2 Control of ground water at sump pit.

**REASON FOR CHANGE OR EXTRA WORK:**

- Item #1 The sump pit required upgrading to improve reliability.
- Item #2 The control of ground water was required to allow for the improved sump pit performance.

**COST OF CHANGE OR EXTRA WORK:**

- Item #1 \$1,237.50
- Item #2 \$1,831.50

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$3,069.00

The total INCREASE to the contract as a result of this Change Order is \$3,069.00

**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 calendar days, making the final completion date 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.
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. 84700004 as written in the above Agenda Item, increasing the contract cost in the amount of \$3,069.00, making the final contract cost \$103,069.00.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

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

AYES 5 NOES 0

Board Meeting of September 5, 2007

## ITEM NO. 18

**CHANGE ORDER NO. 1 – CONTRACT NO. 84700013**

|                                   |                        |                    |
|-----------------------------------|------------------------|--------------------|
| CONTRACTOR:                       | ORIGINAL CONTRACT COST | \$37,920.00        |
| Quality Inspection Services, Inc. | THIS CHANGE ORDER      | <u>\$40,045.00</u> |
| 37 Franklin Street, Suite 400     | ADJUSTED CONTRACT COST | \$77,965.00        |
| Buffalo, New York 14202           |                        |                    |

WORK: Inspection of Digester Gas Storage Sphere at the Bird Island Sewage Treatment Plant

**DESCRIPTION OF CHANGE OR EXTRA WORK:**

- Item #1 Quality Inspection Services, Inc., (QISI) will subcontract for the repair of a 20” bottom manway on the digester gas storage sphere.
- Item #2 QISI will provide a certified Level II Magnetic Particle Test Technician to test the acceptance of the manway to shell weld and also provide a certified Level II Penetrant Test Technician.
- Item #3 QISI will subcontract to post weld heat treat the 20” manway as per ASME Section VIII.
- Item #4 QISI will subcontract the interior and exterior coating of new manway nozzle.
- Item #5 There will be an additional cost of having the manlift on site to replace relief valves and close the top manway.

**REASON FOR CHANGE OR EXTRA WORK:**

- Items #1 - #5 An inspection of the digester gas storage sphere revealed corrosion and metal thinning of the sphere manway. Repairs are being expedited in order to reduce costs to the Authority through lost savings due to the inability to use digester gas. Digester gas use reduces natural gas use by \$2,000.00 per day. Costs are further reduced as the sphere has already been open and purged as part of the inspection service. This additional work will also provide long term, uninterrupted service to the Buffalo Sewer Authority.



COST OF CHANGE OR EXTRA WORK:

|         |             |
|---------|-------------|
| Item #1 | \$21,735.00 |
| Item #2 | \$ 8,252.00 |
| Item #3 | \$ 2,600.00 |
| Item #4 | \$ 3,000.00 |
| Item #5 | \$ 4,458.00 |

THE TOTAL COST OF THE CHANGE OR EXTRA WORK \$40,045.00

The total INCREASE to the contract as a result of this Change Order is \$40,045.00

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 calendar days, making the final completion date 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.
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.

WHEREAS: Due to the necessity to expedite this repair work, the Board was polled on August 24, 2007, and verbally authorized this change order; and

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

52130

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby formally authorizes Change Order No. 1 to Contract No. 84700013 as written in the above Agenda Item, increasing the contract cost in the amount of \$40,045.00, making the adjusted contract cost \$77,965.00.

MOTION TO APPROVE

MADE BY MR. KENNEDY, SR.

2<sup>ND</sup> BY MS. WILSON-DIVINCENZO

AYES 5 NOES 0

Board Meeting of September 5, 2007

## ITEM NO. 19

**CHANGE ORDER NO. 1 – CONTRACT NO. 84500014**

|  |                        |                  |
|--|------------------------|------------------|
| CONTRACTOR:                            | ORIGINAL CONTRACT COST | \$150,800.00     |
| CRA Infrastructure & Engineering, Inc. | THIS CHANGE ORDER      | <u>31,860.00</u> |
| 285 Delaware Avenue – Suite 500        | ADJUSTED CONTRACT COST | \$182,660.00     |
| Buffalo, New York 14202                |                        |                  |

WORK:           Engineering Agreement with CRA Infrastructure & Engineering, Inc., for design and inspection of repairs to the South Buffalo Pump Station.

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**DESCRIPTION OF CHANGE OR EXTRA WORK:**

Item #1   Resident Inspection

Item #2   Construction Administration

**REASON FOR CHANGE OR EXTRA WORK:**

Item #1   During the repair to Pump Nos. 1 & 2 it was found that the impellers were irreparably broken and required wholesale replacement. This and other unforeseen problems resulted in some delay. This will require an additional 30 days of inspection services. At the request of the General Manager, CRA agreed to reduce the billing rates for this project by 10% resulting in a cost of \$14,160.00.

Item #2   Adminstrating the project from its original completion date of August 2006 to an anticipated completion date of March 2007 will require additional hours from a Construction Manager, Engineering Technician, Secretary, Project Manager, and Project Officer with a 10% discount. This will result in an additional cost of \$12,700.00. CRA was also asked to perform an engineering analysis of technical issues throughout the project with the 10% discount. This will result in an additional cost of \$5,000.00.

**COST OF CHANGE OR EXTRA WORK:**

Item #1         \$14,160.00

Item #2         \$17,700.00

THE TOTAL COST OF THE CHANGE OR EXTRA WORK                                 \$31,860.00

The total INCREASE to the contract as a result of this Change Order is     \$31,860.00

52132

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves Change Order No. 1 to Contract No. 84500014 as written in the above Agenda Item, increasing the contract cost in the amount of \$31,860.00, making the adjusted contract cost \$182,660.00.

MOTION TO APPROVE

MADE BY MR. KENNEDY, JR.

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

AYES 5 NOES 0

Board Meeting of September 5, 2007

## ITEM NO. 20

**CONFIRMATION OF APPOINTMENTS**

**SR. FIRST CLASS STATIONARY ENGINEER (PROVISIONAL)  
CHANGE OF STATUS ONLY  
SEWAGE TREATMENT PLANT  
\$21.08 PER HOUR  
EFFECTIVE: JUNE 27, 2007**

KENNETH MAZUR  
262 SOBIESKI ST.  
BUFFALO, NY

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**LABORER I (SEASONAL)  
SEWAGE TREATMENT PLANT  
\$65.00 PER DAY  
EFFECTIVE: AUGUST 6, 2007**

NICKLAUS BEVELOCK  
213 LONGNECKER  
BUFFALO, NY

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**LABORER I (SEASONAL)  
SEWAGE TREATMENT PLANT  
\$65.00 PER DAY  
EFFECTIVE: AUGUST 6, 2007**

JOSEPH PARADISI  
44 ARUNDEL  
BUFFALO, NY

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52134

**LABORER I (PERMANENT)  
CHANGE OF STATUS ONLY  
SEWAGE TREATMENT PLANT  
\$14.46 PER HOUR  
EFFECTIVE: AUGUST 6, 2007**

JOSHUA OSHIRAK  
205 POTOMAC  
BUFFALO, NY

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**ADMINISTRATOR OF CAPITAL IMPROVEMENTS &  
DEVELOPMENT (PERMANENT)  
SEWAGE TREATMENT PLANT  
\$70,140 PER ANNUM  
EFFECTIVE: AUGUST 20, 2007**

THOMAS CAULFIELD  
110 MCKINLEY PKWY.  
BUFFALO, NY

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**SENIOR SANITARY ENGINEERING SUPERVISOR  
(PERMANENT)  
CHANGE OF STATUS ONLY  
ENGINEERING DEPARTMENT  
\$61,033 PER ANNUM  
EFFECTIVE: AUGUST 22, 2007**

JAMES EAGAN  
32 EISMAN  
KENMORE, NY

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**ASSISTANT SANITARY ENGINEER (PROVISIONAL)  
CHANGE OF STATUS ONLY  
ENGINEERING DEPARTMENT  
\$50,025 PER ANNUM  
EFFECTIVE: AUGUST 22, 2007**

JAMES ZGODA  
117 EDEN ST.  
BUFFALO, NY

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WHEREAS: The preceding appointments were made by the General Manager since the last Board Meeting; and

WHEREAS: The General Manager requests confirmation of each appointment.

NOW THEREFORE  
BE IT RESOLVED: That the preceding appointments are hereby confirmed by the Board of the Buffalo Sewer Authority.

MOTION TO APPROVE  
MADE BY MS. WILSON-DIVINCENZO  
2<sup>ND</sup> BY MR. KENNEDY, JR.  
AYES 5 NOES 0

Board Meeting of September 5, 2007

## ITEM NO. 21

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<br/>TOTAL</u> |
|-----------------|-----------------------|------------------------------|-----------------|--------------------------------|
| Charles Riley   | Canisius College      | <i>Managerial Accounting</i> | 90%             | \$1,899.90                     |
| Charles Riley   | Canisius College      | <i>Information Security</i>  | 90%             | \$947.48                       |
| Victor Orlando  | Buffalo State College | <i>Basic Operation</i>       | 100%            | \$900.00                       |

NOW THEREFORE  
BE IT RESOLVED:

That the Board of the Buffalo Sewer Authority hereby approves the above applications for Tuition Reimbursement totaling \$3,747.38. These Reimbursements will be charged to account no. 00800108-480214.

MOTION TO APPROVE

MADE BY MR. ROOSEVELT

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

AYES 5 NOES 0

Board Meeting of September 5, 2007



ITEM NO. 22

**ADJOURNMENT OF MEETING**MOTION TO                     APPROVE                    MADE BY                     MR. KENNEDY, SR.                    2<sup>ND</sup> BY                     MS. WILSON-DIVINCENZO                    AYES           5           NOES           0          

Board Meeting of September 5, 2007