

**ERIE COUNTY SEWER AGENCY REPORT
ERIE COUNTY SEWER DISTRICT NO. 6
INCREASE AND IMPROVEMENT OF FACILITIES (2016)**

INTRODUCTION

Erie County Sewer District No. 6 (ECSD No. 6) was established in 1983. ECSD No. 6 provides sanitary and storm sewer services to approximately 20,000 residents in the City of Lackawanna

Since the Sewer District's inception in 1983, the District has made great strides in resolving infrastructure issues, odor problems, infiltration and inflow removal, and upgrading of the treatment plant facilities.

The Sewer Districts has undertaken a comprehensive infiltration and inflow (I/I) removal program. In doing so, it has reduced the average daily flows to the treatment plant by more than 1 MGD (million gallons per day) however, there is still need for improvement within the Sewer District to reduce treatment costs, and additional improvements are needed to service the City of Lackawanna adequately.

BACKGROUND

The Sewer District currently has approximately 71 miles of sanitary sewers, 48 miles of storm sewers and 7 sanitary pumping stations, 3 storm water pumping stations and a Wastewater Sewage Treatment Plant, many of which have been existence since the Sewer Districts interceptor in the early 1900's.

The District due to the advance age and size of its sewer system is always upgrading or repairing the existing sewer systems, thus the reasoning behind having capital funds available for anything that could arise within the Sewer District.

The Sewer District anticipates future repairs of sewers, manholes, pumping stations and their appurtenances within the District. Improvements will also be driven by the Lackawanna Wastewater Treatment Plant State Pollutant Discharge Elimination System (SPDES) Permit.

SERVICE AREA

The service area for this project is the entire Sewer District. Essentially it includes the City of Lackawanna. (Exhibit A)

PROJECT COSTS

The Capital funds that would be appropriated through this Increase & Improvements would be used for construction, engineering, administration and finance costs. As previously mentioned the sewer system has age and there is always need for upgrades and repairs of the existing sewer system.

Furthermore, millions of dollars in upgrades are anticipated pursuant to the regulatory requirements in the ECSD No. 6 SPDES permit.

FEDERAL AND STATE AID

This project is being prepared under the assumption that no grants will be forthcoming. As a result, this report represents a worst-case scenario. However, should the District be fortunate to obtain grant funding at a later date, it would be used to lower the annual debt service cost of the project.

The District has qualified for zero interest loans under the New York State Revolving Loan Funding Program. If available at the time of need they will be utilized to offset project costs.

The County's current bonding rate is approximately 3.79% for 30-year term bond (Exhibit B). For the purposes of this report, the bond rate has been assumed not to exceed 4% for a 30-year bond term.

The cost for borrowing \$1 million at 4% interest (4% interest, 30-year payments, Principals of Engineering Economy Grant, Ireson, and Leavenworth Eighth Edition, pg. 537, Table D-7 is \$57,830; so annual debt service payments for borrowing \$3.5 million would have been estimated at \$202,405.

ANNUAL DEBT SERVICE

The maximum anticipated annual cost impact to the average home in the Sewer District for the additional bond debt will be \$10.85 (*), ($\$202,405/18,660$) where 18,660 is the total equivalent dwelling units, (Exhibit C) in Sewer District No. 6 for 2015.

(*) State Audit and Control requires projecting cost impact on the ratepayer on a project by project basis exclusive of other existing bond debt either owed or being retired.

CONNECTION FEES

There will be no additional costs to property owners serviced by the Sewer District for items such as connection charges or fees. The project will benefit properties presently serviced by the existing sewer system, so costs for such items are not applicable. The District's existing charges for connection, inspection and per unit fees will remain the same.

SUMMARY AND CONCLUSIONS

Erie County Sewer Districts No. 6 has sewers, manholes and appurtenances that date back to the early 1900's which require maintenance and improvements. The District is also facing significant capital needs to meet the requirements of the ECSD No. 6 SPDES permit.

The estimated project cost is \$3.5 million. The average home in the Sewer District would see an annual increase of \$10.85 as a result of the proposed Sewer Agency Report. The total cost increase would come over a period of ten years as these improvements are completed and the money is borrowed.

BOARD OF MANAGERS REVIEW

This matter has been discussed with the Board of Managers. This Sewer Agency Report was presented and discussed at their meeting of _____. On _____, the Board of Managers moved to accept and adopt the Sewer Agency Report and to request the County Legislature approve a Bond authorization for the project in the amount of \$3.5 million pursuant to Article 5A, County Law. (Exhibit D)

NEW YORK STATE (NYS) AUDIT & CONTROL

Submittal of an application to NYS Department of Audit & Control for approval is not required. Pursuant to Chapter 397 of the New York Laws of 1995, application to the NYS Comptroller is required only if the increased cost to the typical property, as a result of this Increase & Improvement of Facilities, exceeds \$12.00 annually. (Exhibit E). The estimated per home cost increase for this project is below the annual cost of \$10.85 per home; therefore, an application is not required.

RECOMMENDATION

The recommendations of the Erie County Sewer Agency are that the Legislature should:

1. Accept and adopt this Sewer Agency Report;
2. Adopt necessary resolution calling for a public hearing;
3. Adopt the resolutions necessary for an "Increase and Improvement of Facilities" pursuant to Article 5 A of the County Law;
4. Pursuant to Chapter 397 of the New York State Laws of 1995, file any required documentation or application with the New York State Department of Audit and Control; and
5. Approve a Bond Resolution in the amount of \$3.5 million.

Date: _____

4/4/10

Joseph L. Fiegl, P.E.
Deputy Commissioner
Erie County Department of
Environment & Planning And
Erie County Sewer Agency

James Balcarczyk, Chairman
Erie County Sewer District No. 6
Board of Managers

ERIE COUNTY SEWER DISTRICT NO. 6



ECSD No.6 BOUNDARY



N.Y.D.O.T. BASE MAP

ERIE COUNTY
DEPARTMENT OF ENVIRONMENT AND PLANNING
DIVISION OF SEWERAGE MANAGEMENT
95 FRANKLIN ST.
BUFFALO, N.Y. 14202

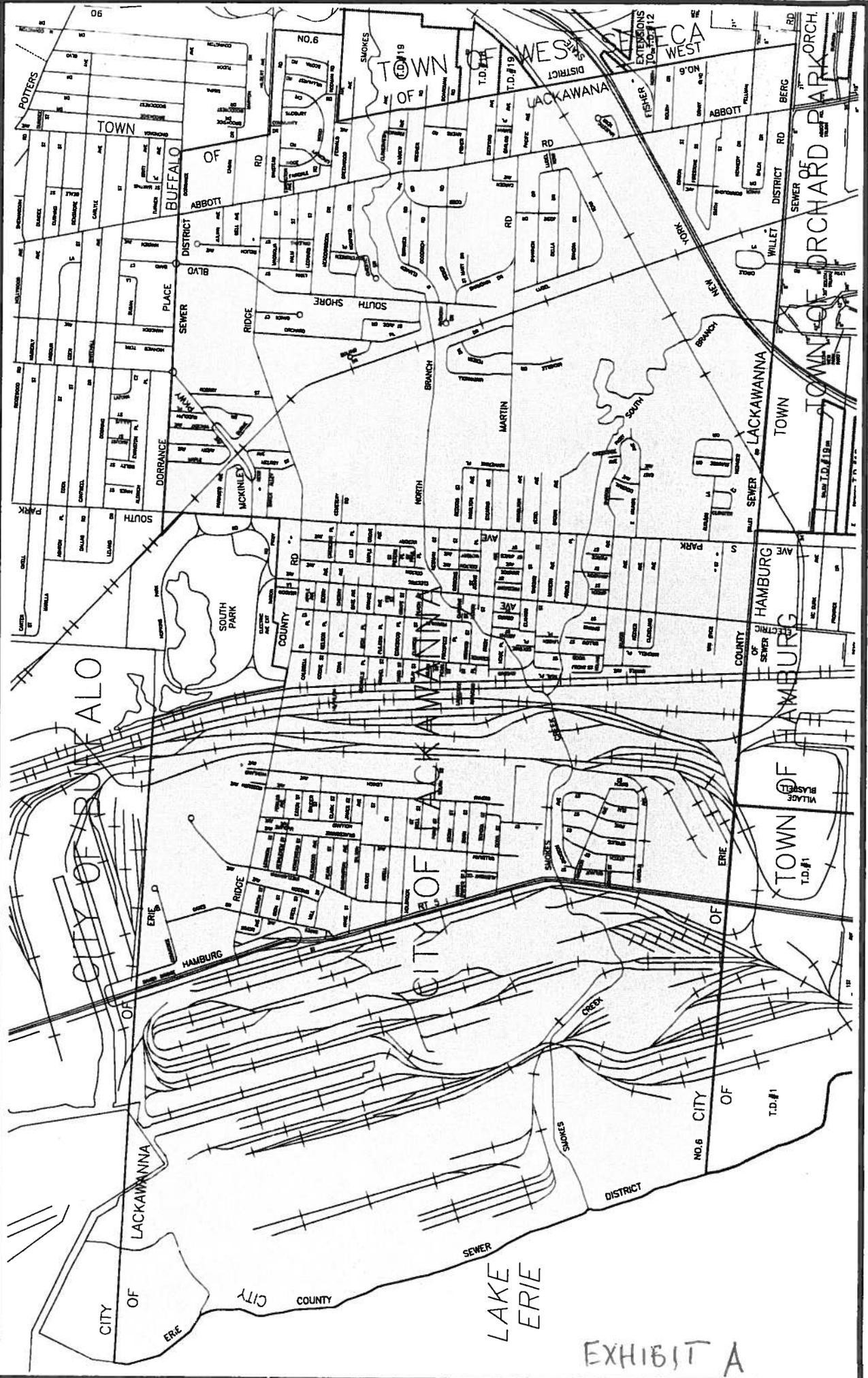


EXHIBIT A

Mallory, John

From: Cucinelli, Brian (EFC) <Brian.Cucinelli@efc.ny.gov>
Sent: Wednesday, January 20, 2016 10:07 AM
To: Mallory, John
Subject: RE: interest rate on 30 year bond

John,

My apologies for the delayed response. To give you a rough estimate, EFC's last pool financing rate was:

All-In True Interest Cost – Long Term Market Rate Financing = **3.79%**.

CW projects receive a 50% subsidy, which gets you to an effective rate of ~1.90%. Please note that these rates are based on EFC's last pool financing. Rates fluctuate and are subject to change.

-Brian

EXHIBIT B

TOTAL TAX ACCOUNTS

DIST # 6			
TOWN	SD #	2016	
		Units	Parcels
Blas. O.D. #6	48250	490	20
W.S. O.D. #6	68400	3	3
Lackawanna	09992	17,828	6,512
Buffalo	02002	339	4
TOTALS		18,660	6,539

**RESOLUTION
BOARD OF MANAGERS
ERIE COUNTY SEWER DISTRICT NO. 6**

WHEREAS, the Erie County Sewer Agency has prepared a Sewer Agency Report for consideration by the Board of Managers calling for an Increase and Improvement of Facilities (2016) for Erie County Sewer District No. 6 in the amount of \$3.5 million; and

WHEREAS, said Sewer Agency Report has identified the need to improve the Sanitary Sewer service to the residents of Erie County Sewer District No. 6, which includes but is not limited to, the construction and/or rehabilitation of sanitary sewers, pumping stations, the treatment plant, overflow retention facility, and related necessary appurtenances; and

WHEREAS, the Department of Environment and Planning has presented information relative to the increase in cost and its effect on the charge structure for Erie County Sewer District No. 6.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Sewer District No. 6 Board of Managers does hereby accept and adopt this subject Sewer Agency Report and, further recommends this report be submitted to the Erie County Legislature for further consideration and action pursuant to Article 5A, County Law, and be it further

RESOLVED, that the Erie County Sewer Agency be directed to pursue an Increase and Improvement of Facilities (2016) in the amount of \$3.5 million with the Erie County Legislature pursuant to Article 5A of County Law.

James A. Carr, P.E.
Secretary, Board of Managers
Erie County Sewer District No.6

Moved by: _____

Seconded by: _____

Approved: _____

Date: _____



THOMAS P. DINAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

ANDREW A. SANFILIPPO
EXECUTIVE DEPUTY COMPTROLLER
OFFICE OF STATE AND LOCAL GOVERNMENT
ACCOUNTABILITY
Tel: (518) 474-4593 Fax: (518) 402-4892

December 2015

Dear Local Government Official:

Please find attached a listing of the average estimated cost thresholds for your use in determining whether approval of the State Comptroller is necessary for certain special district actions in the year 2016.

Certain "low cost" special districts, i.e., those which are at or below average estimated cost thresholds contained in the enclosure, do NOT require approval of the State Comptroller. However, if debt is being issued, a certified copy of the notice of hearing for the "low cost" district must be sent to our office. This copy must be sent, on or about the date of publication, to the Office of the State Comptroller, Division of Legal Services, 110 State Street, 14th Floor, Albany, New York 12236. It should be sent no later than 14 calendar days after publication. This notice enables us to accurately calculate future average estimated cost thresholds.

In addition, certified copies of resolutions or orders which, among other things, finally establish or extend a district, and in the case of counties, authorize an increase and improvement of facilities, are required to be filed with this Office regardless of whether the Comptroller's approval is required. Resolutions or orders that are subject to permissive referendum should not be filed until the period for filing a petition has passed, or if a petition is filed, a referendum has been held.

We would be happy to provide advisory services and assist you in identifying and resolving issues in connection with special district actions, even if the proceedings are not subject to our approval. You can obtain additional information and guidelines on submitting applications by contacting our office. The information in this letter, as well as the Comptroller's regulations relating to applications for permission of the Comptroller to establish or extend special districts (Part 85), can also be found on our website:

<http://www.osc.state.ny.us/localgov/datanstat/files/part85regs.pdf>

If you have questions or need more information, please contact Ellen McDonald in our Division of Legal Services at (518) 474-3517 or Scott Waldorf in our Division of Local Government and School Accountability at (518) 486-3145.

Sincerely,

Andrew A. SanFilippo
Executive Deputy Comptroller
Office of State and Local Government Accountability

Enc.

EXHIBIT F

AVERAGE ESTIMATED COSTS FOR COUNTY AND TOWN SPECIAL IMPROVEMENT DISTRICTS

(EFFECTIVE FOR PROCEEDINGS FOR WHICH A NOTICE OF HEARING IS PUBLISHED FROM JANUARY 1, 2016 THROUGH DECEMBER 31, 2016)

The Comptroller's approval is required if debt is proposed to be issued by a town or county, and the "cost of the district or extension" to the "typical property" or, if different, the "typical one or two family home" as stated in the notice of hearing, is above the average estimated cost thresholds listed below.¹

"Costs" include amounts required to be paid for debt service, operation and maintenance and other charges, including user fees, related to the improvement in the first year following formation of the district or extension, or the increase and improvement of facilities in counties (or, if greater, the first year in which both principal and interest and operation and maintenance will be paid). To ensure accurate calculations of estimated costs, towns and counties should not assume the receipt of federal or state aid in the absence of firm commitments from the appropriate agency. In addition, estimated borrowing costs should be based on the proposed maturity of the obligations and interest rate assumptions derived from market surveys or a letter of commitment. Charges imposed by other governmental entities, such as public authorities or other municipalities, should also be included in the computation. Costs, for this purpose, do not include hook-up fees.

A summary of the notice of hearing requirements for the establishment and extension of town special districts appears in Appendix A. Frequently asked questions (FAQs) on the establishment or extension of town special districts concerning required determinations and methods of assessment appear in Appendix B.

TOWN DISTRICTS

The following average estimated costs apply to town special district establishments, extensions, or increases in the maximum amount to be expended.²

Sewer	\$ 798
Water	\$ 902

¹ For those proceedings that are subject to a permissive referendum requirement, the Comptroller's Office will accept the filing of an application prior to the expiration of the time for filing a petition requesting a referendum, or if a petition is filed, the vote on the proposition. However, no approval order will be granted until after the completion of all such requirements.

² The Comptroller's approval, if required in the case of an increase in the maximum amount to be expended, may be given only after a public hearing and, in the case of Article 12-A districts, permissive referendum requirements are met.

COUNTY DISTRICTS

The following average estimated cost applies to county special district establishments, extensions or increases in the maximum amount to be expended.

Sewer	\$ 442
Water	\$ 3

The following average estimated cost applies to county special district increases and improvements of facilities. Please note that this figure represents only the increased cost to the typical property as a result of the increase and improvement.

Sewer	\$ 12
Water	\$ 3

OTHER DISTRICTS

For all other types of districts, there was insufficient data to calculate meaningful average estimated costs. Therefore, any type of district not listed above will be subject to applicable requirements for obtaining the Comptroller's approval, irrespective of the cost to the typical property or home, if debt is proposed to be issued to finance the improvement.

Note that proceedings under Town Law § 202-b to, among other things, repair, improve, or replace facilities within an existing town district do not require the Comptroller's consent, except in certain cases within the Adirondack Park (see Town Law § 202-b[5] and Local Finance Law § 104.10[3]).