ERIE COUNTY SEWER AGENCY REPORT
ERIE COUNTY SEWER DISTRICT NO. 4
FOR AN
INCREASE AND IMPROVEMENT OF FACILITIES (2016)

INTRODUCTION

Erie County Sewer District (ECSD) No. 4 was established on February 22, 1961, by an order of the Erie County Board of Supervisors, now the Erie County Legislature. Erie County Sewer District No. 4 is centrally located in Erie County and provides wastewater services for portions of the Villages of Depew and Lancaster, and the Towns of Lancaster, West Seneca, Alden and Cheektowaga (Exhibit A). All flows generated in Erie County Sewer District No. 4 receive treatment at the Buffalo Sewer Authority.

BACKGROUND

With the Sewer District being in existence over fifty years, new bonding authorization is necessary to complete upgrades/replacement of existing infrastructure as well as any new projects or sudden or unexpected failures that could arise within the district. The Sewer District has evaluated its facilities and has forecasted that additional capital funding is necessary.

PROJECT DESCRIPTION

The new bonding authorization will provide funding for engineering and construction expenses related to renewal of assets throughout the Sewer District. The following projects are anticipated:

I.	Pumping Station Improvements	$2,400,000
II.	Collection System / Infiltration and Inflow Improvements	$2,100,000
III.	Activities associated with the pending SPDES permit for the Depew ORF	$1,500,000

The anticipated costs associated with pumping station improvements are based on the following projects:

- Rebuilding of the Iroquois Pumping Station (equipment upgrades) – approximate cost: $800,000. ECSD No. 4 previous designed these upgrades deferred implementation while the Aurora North Pumping Station Elimination project was in progress.
- Zoeller Road Pumping Station improvements – approximate cost: $1,200,000. Many of the components of this facility are approaching the end of their useful life. Additionally, reliable permanently installed backup power is not available for this location.

Item 5(C)

- Vanderbilt Force Main Improvements – approximate cost: $300,000. After completion of upgrades to the Vanderbilt Pumping Station, it was identified that a restriction may be present in the force main. These costs allow for an improvement to address this deficiency.
- Hall Road Pump Station Elimination and Building Demolition – approximate cost: $100,000. It has been identified that this facility may be eliminated in the future through construction of a gravity sewer. Implementation of this improvement would decrease operation and maintenance expenses.

In addition to the projects identified for the Iroquois, Zoeller Road, Vanderbilt, and Hall Road Pumping Stations, the District maintains and operates 167 miles of sanitary sewers, many of which have reached or surpassed design life. Through the Sewer District's Inflow/Infiltration (I/I) reduction program, projects are identified to repair defective assets and reduce I/I on an ongoing basis. This saves ratepayers costs associated with pumping and treating extraneous flows. The District anticipates repair of sewers, manholes, and appurtenances.

Finally, the Sewer District anticipates a modification of the Depew Overflow Retention Facility (ORF) State Pollutant Discharge Elimination System (SPDES) permit. Activities necessary to meet the terms of the anticipated permit modification include engineering analyses and potential construction work. Based on the draft terms presented by the New York Department of Environmental Conservation, a number of studies may be necessary including a "No Feasible Alternative (NFA) analysis." The County has completed a NFA analysis in another service area and it is anticipated that an I/I pilot may be required, whereby an area of the collection system is targeted for monitoring both before and after implementation of improvements. Additionally, the draft SPDES permit may lead to physical modifications to the ORF itself, such as with the monitoring equipment, the disinfection system, and the weirs and baffles.

It is estimated that engineering, administration and EFC financing fees could amount to 25% of project construction costs. These costs are included above. Any remaining funds, if available, will be utilized to make additional improvements that are deemed necessary and in the best interest of the Sewer District whether it's construction, engineering or administration.

FEDERAL AND STATE AID

This authorization 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 County's current bonding rate for a thirty year term is 3.79% (Exhibit B). For the purposes of this report, a 4% interest rate was used.

The cost for borrowing $1 million at 4% interest for 30 years, Principles of Engineering Economy Grant, Ireson and Leavenworth, Eighth Edition, pg. 532, Table D-7 is $57,830; so the annual debt service payments for borrowing $6.0 million have been estimated at $346,980.

ANNUAL DEBT SERVICE COST

The annual cost impact to the average home in the Sewer District would be (*$10.32), ($346,980/33,631) where 33,631 (Exhibit C), is the total equivalent dwelling units in the Sewer District for 2015. Note that the entire increase is not anticipated to occur at one time, but rather a number of years as determined by the Capital Improvements Planning Process.

(*) 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 would be no additional costs to properties serviced by the Sewer District for items such as connection charges or fees, or the need to pay for hook ups to the Sewer System. The project will basically service properties already connected to the Sewer System, so costs for such items are not applicable to existing improved properties. However, the District's existing charges for connection, inspection and per unit fees will apply to any new construction.

SUMMARY & CONCLUSION

The Sewer District has been in existence since the early 1960's and the new bonding authorization will provide funding to address the existing infrastructure as well as new projects that could arise within the Sewer District.

The project costs are estimated at $6.0 million to maintain the Sewer District's infrastructure. The average home in the Sewer District would see an increase of approximately $10.32 after the total bond authorization of $6.0 million 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 $6.0 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 $12.00 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 $6.0 million.

Date: 6/10/16

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

Kristen McCracken, Chair
Erie County Sewer District No. 4
Board of Managers

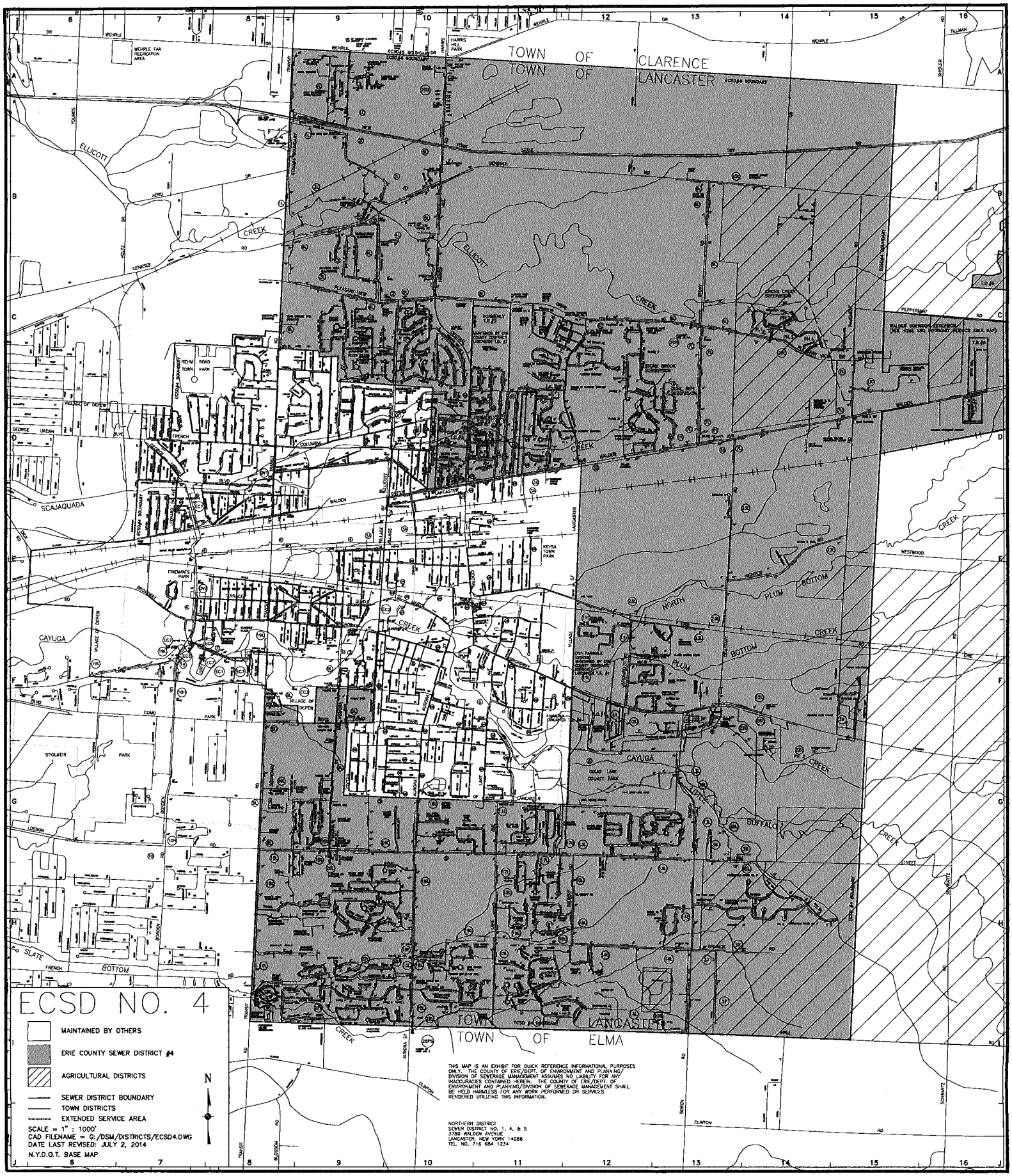
ECSD NO. 4
MAINTAINED BY OTHERS
ERIE COUNTY SEWER DISTRICT #4
AGRICULTURAL DISTRICTS
SEWER DISTRICT BOUNDARY
TOWN DISTRICTS
EXTENDED SERVICE AREA
SCALE = 1" : 1000'
CAD FILENAME = G:/DSM/DISTRICTS/ECSD4.DWG
DATE LAST REVISED: JULY 2, 2014
N.Y.D.O.T. BASE MAP
N
TOWN OF CLARENCE
TOWN OF LANCASTER
TOWN OF ELMA
THIS MAP IS AN EXHIBIT FOR QUICK REFERENCE INFORMATIONAL PURPOSES ONLY. THE COUNTY OF ERIE/DEPT. OF ENVIRONMENT AND PLANNING/ DIVISION OF SEWERAGE MANAGEMENT ASSUMES NO LIABILITY FOR ANY INACCURACIES CONTAINED HEREIN. THE COUNTY OF ERIE/DEPT. OF ENVIRONMENT AND PLANNING/DIVISION OF SEWERAGE MANAGEMENT SHALL BE HELD HARMLESS FOR ANY WORK PERFORMED OR SERVICES RENDERED UTILIZING THIS INFORMATION.
NORTHERN DISTRICT
SEWER DISTRICT NO. 1, 4, & 5
3789 WALDEN AVENUE
LANCASTER, NEW YORK 14086
TEL. NO. 716 684 1234

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

COUNTY OF ERIE
DEPARTMENT OF ENVIRONMENT & PLANNING
Division of Sewerage Management

TO: Richard Ferber, Accounting Analyst

FROM: Kathy Buck, Sr. Data Processing Control Clerk

DATE: May 1, 2015

SUBJECT: Town Districts And Portion of ECSD # 1 Tributary to ECSD # 4

AREA	UNIT CHARGE	VALUE 2014	USER CHARGE	USER EQ UNITS	TOTAL UNITS W / USER EQ. UNITS
ECSD #1					
Cheektowaga	2,701	357,222,234	20,827	229	2,930
West Seneca	229	5,963,300	1,457	16	245
Town of Cheektowaga Tn. Dist #3 & Exts. Incl. Vlg of Sloan	* 4,864	450,929,663	----	0	4,864
Town of West Seneca Tn. Dist. #6 & Tributary Tn. Dists.	* 2,649	117,161,576	----	0	2,649
ECSD # 4	20,399	-----	232,109	2,544	22,943
				Total	**33,631**

NOTES:
#1 * Based on 400 gallons per day for commercial & exempt accounts
#2 Water data based on 2013 consumption
#3 Cheektowaga was re-evaluated at 100% of Assessed Value

c. M. Salah

EXHIBIT C

RESOLUTION
BOARD OF MANAGERS
ERIE COUNTY SEWER DISTRICT NO. 4

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. 4 in the amount of $6.0 million; and

WHEREAS, said Sewer Agency Report has identified certain improvement needed by the District to improve service to the residents of Erie County Sewer District No. 4, which includes but is not limited to, the construction and/or rehabilitation of sanitary sewers, pumping stations, the 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 tax structure for Erie County Sewer District No. 4.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Sewer District No. 4 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 $6.0 million with the Erie County Legislature pursuant to Article 5A of County Law.

_____
Thomas M. Batt, P.E.
Secretary, Board of Managers
Erie County Sewer District No.4

Moved by: _____

Seconded by: _____

Approved: _____

Date: _____

EXHIBIT D

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 E

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

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[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]).