



ECLEG 00710/14 10-10-14

# COUNTY OF ERIE

**MARK C. POLONCARZ**  
COUNTY EXECUTIVE

October 10, 2014

Erie County Legislature  
92 Franklin Street – 4<sup>th</sup> Floor  
Buffalo, New York 14202

**RE: Erie County Sewer District No. 3  
Increase & Improvement of Facilities  
Erie County Sewer Agency Report**

Dear Honorable Members:

Enclosed please find a memorandum from the Department of Environment and Planning, Division of Sewerage Management, pertaining to a Sewer Agency Report for Erie County Sewer District No. 3.

Should your Honorable Body require further information, I encourage you to contact Joseph L. Fiegl, P.E., in the Division of Sewerage Management. Thank you for your consideration on this matter.

Sincerely,

A handwritten signature in blue ink that reads "Mark C. Poloncarz".

Mark C. Poloncarz, Esq.  
Erie County Executive

MCP/sm  
Enclosure

cc: J. Fiegl 0.11.0 Leg Ltr

## **MEMORANDUM**

To: Honorable Members of the Erie County Legislature  
From: Department of Environment and Planning  
Re: Erie County Sewer District No. 3  
Increase & Improvement of Facilities  
Erie County Sewer Agency Report  
Date: October 10, 2014

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### **SUMMARY**

The Erie County Legislature is requested to receive and file this communication pertaining to the Department of Environment and Planning's proposed Increase & Improvement of Facilities in Erie County Sewer District No. 3.

### **FISCAL IMPLICATIONS**

There are no fiscal implications with the recommended action of receiving and filing the enclosed Erie County Sewer Agency Report.

### **REASONS FOR RECOMMENDATION**

The attached Erie County Sewer Agency Report is being submitted to the Legislature so that it will be on file for public review. In this way, should the public or any elected official wish to review the subject project, the Erie County Sewer Agency Report will be available in the Legislative offices. It is a requirement of New York State County Law, Article 5A to have this report on file with the Legislature prior to holding a Public Hearing on the matter.

### **BACKGROUND INFORMATION**

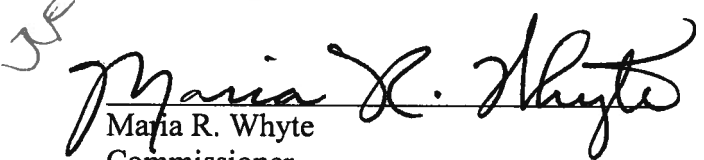
The Southtowns Advanced Wastewater Treatment Plant went on line in the early 1980's. The existing sewage sludge incinerators have recently been issued new air emission guidelines by the United States Environmental Protection Agency (USEPA). These new guidelines set limits for nine pollutants in accordance with Section 129 of the Clean Air Act. In response, the Sewer District has had the air emissions analyzed and currently are evaluating alternatives necessary to be in compliance. On October 1, 2014, the Erie County Sewer District No. 3 Board of Managers approved a Sewer Agency Report (enclosed) recommending this Increase & Improvement of Facilities pursuant to Article 5A of New York State County Law to fund necessary improvements.

**CONSEQUENCES OF A NEGATIVE ACTION**

This is a receive and file item.

**STEPS FOLLOWING APPROVAL**

This is a receive and file item.

JE  
  
Maria R. Whyte  
Commissioner

MW:JM:sm  
Enclosures

cc: J. Fiegl 0.11.0 Leg. Ltr. (w/enc.)  
J. Carr/D. Millar/J. Mallory 3.5.0 Inc. & Imp. of Facilities (2014)

**ERIE COUNTY SEWER AGENCY REPORT  
ERIE COUNTY SEWER DISTRICT (ECSD) NO. 3 FOR  
AN INCREASE & IMPROVEMENT OF FACILITIES (2014)**

I. Introduction

ECSD No. 3 is located in central Erie County (Exhibit A) and provides wastewater collection, conveyance and treatment services for the Villages of Blasdell, Hamburg and Orchard Park, as well as portions of the Towns of Boston, Eden, Hamburg, Holland, Orchard Park and West Seneca.

The original district was created in the early 1960's. In the late 1970's and early 1980's, extensions to the original District known as the Boston Valley, Armor-McKinley and Holland Extensions were formed. Subsequently, in 2003, the District was consolidated to include all previous extensions and the new Blasdell Extension into a single District. The Blasdell extension was added to incorporate the existing Village of Blasdell system as well as the Ford Motor Company stamping plant. In 2005, the District was extended to include the Village of Hamburg sanitary sewer collection system, and in 2007 and 2008, ECSD No. 3 was again extended to include the remaining sewer districts in the Town of Hamburg, the Village of Orchard Park and the Wanakah Sewer District. The vast majority of flows generated within Erie County Sewer District No. 3, as well as the Town of Orchard Park, the Mount Vernon Sewer District and the Woodlawn Sewer District receives treatment at either the Southtowns, Blasdell or Holland wastewater treatment plants.

II. Background

The Southtowns Advanced Wastewater Treatment Plant was built in the late 1970's and went on line in the early 1980's. The plant was constructed by Erie County as a regional facility allowing for the abandonment of a number of small local treatment plants. The Southtowns Advanced Wastewater Treatment Facility (AWTF)

operates two fluidized bed incinerators (FBI) for thermal reduction of its residual wastewater solids. These units were built in 1980 and were supplied by Dorr-Oliver. Over time, the plant's equipment has been maintained and improved; however, recently the United States Environmental Protection Agency (USEPA) issued new performance standards and emission guidelines for sewage sludge incinerators (SSIs). These performance standards and emission guidelines set limits for nine pollutants in accordance with Section 129 of the Clean Air Act. This new rule must utilize the maximum degree of reduction in controlling air emissions, or the maximum achievable control technology (MACT) standard.

In response to new USEPA rule, ECSD No. 3 contracted with Empire Stack Testing, LLC to analyze the emissions from the Southtowns FBI units. CDMSmith was also retained by ECSD No. 3 to provide engineering services consisting of reviewing the stack testing results, analyzing compliance with the new limitations, developing and evaluating alternatives, and providing recommendations for future operations.

The "Southtowns Advanced Wastewater Treatment Facility (AWTF) Sewage Sludge Incinerator (SSI) Maximum Achievable Control Technology (MACT)" report (CDMSmith, April 2012) presented a preliminary recommendation to continue operation of the FBIs and complete upgrades to the existing units to allow for full compliance with the SSI MACT rule. A caustic feed system was recommended to control hydrogen chloride (HCl) emissions. Final recommendations were not made for mercury emissions, however, as data were inconclusive relative to the need for additional controls.

ECSD No. 3 once again contracted with Empire Stack Testing, LLC for further emissions analyses. The supplemental stack testing confirmed that mercury control was necessary to meet SSI MACT limitations at all times. Because of the need for a relatively low reduction in mercury, it was ascertained by CDMSmith that a sorbent polymer composite technology would meet the mercury control requirements of the

facility (in lieu of a much more expensive carbon adsorption system being installed). Therefore, the recommendation to continue operation of the SSI units remained valid.

A request for proposals was issued in April 2014. GHD Consulting Services was ultimately retained through the competitive process to develop a final engineering analysis and memorandum, complete engineering design and construction phase services, and provide regulatory/operations assistance. The project is currently in the engineering analysis phase, but considering the timeframes required in the SSI MACT rule, it is important to start the process of developing funding options for this project.

### III. Project Description

At this time, the following improvements are anticipated:

- For Hydrogen Chloride (HCl) control, it is assumed that two (2) 2,500 gallon tanks to store 50% sodium hydroxide (Caustic), along with pumps, piping, controls and associated appurtenances will be required to add caustic to the existing scrubber system to control hydrogen chloride (HCl).
- For mercury (Hg) control, it is assumed that a sorbent polymer composite system (or similar technology) will be retrofitted in the existing scrubbers or stacks.
- The ongoing engineering analysis will determine the final recommendations.

At this time, the Engineering analysis is being completed, therefore, the exact scope of upgrades has not been determined. With all associated costs, the total project is not expected to exceed \$5,000,000. Any authorization in excess of the incinerator upgrade costs would be used toward capital improvements in ECSD No. 3.

IV. Federal and State Aid

This authorization was prepared with the assumption that no grants will be forthcoming. As a result, this report represents a worst-case scenario. Should the District receive grant funding at a later date, these monies will be used to lower the annual debt service cost of the project.

The Sewer District's current bonding rate for a thirty year term is 3.67% (Exhibit B). For the purposes of this report, a 4% interest rate was used.

The cost for borrowing \$1 million at 4% interest over 30 years, (Principles of Engineering Economy Grant, Ireson and Leavenworth, Eighth Edition, pg. 532, Table D-7) is \$57,830. Consequently, the annual estimated debt service payment for borrowing \$5.0 million is \$289,150.

V. Annual Debt Service Cost

The maximum anticipated annual cost impact to the average home in the Sewer District for the additional bond debt will be \$6.85 (\*), ( $\$289,150/42,238$ ) where 42,238 is the total equivalent dwelling units, (Exhibit C) in Sewer District No. 3 for 2014.

(\*) 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.

VI. 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.

VII. Summary & Conclusion

The Southtowns Advanced Wastewater Treatment Facility went on line in the early 1980's and based on the evaluation performed by CDMSMITH, the incinerators should be classified as existing units under the SSI MACT rule. New hydrogen chloride and mercury control technologies are expected to be necessary to allow for further operation of the Southtowns AWTF incinerators.

The project cost is estimated not to exceed \$5.0 million to make needed capital improvements to the treatment plant's infrastructure. The average home in the Sewer District would see an annual increase of approximately \$6.85 after the total bond authorization of \$5.0 million is borrowed.

VIII. 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 Oct. 1, 2014. On Oct. 1, 2014, 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 \$5.0 million pursuant to Article 5A, County Law. (Exhibit D)

IX. 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 \$7.00 annually (Exhibit E). The estimated per home cost increase for this project is below the annual cost of \$6.85 per home; therefore, an application is not required.



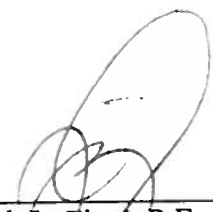
X. Recommendation


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 \$5.0 million.

Date: \_\_\_\_\_

8/27/14

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

  
\_\_\_\_\_  
John Mills, Chairman  
Erie County Sewer District No. 3  
Board of Managers

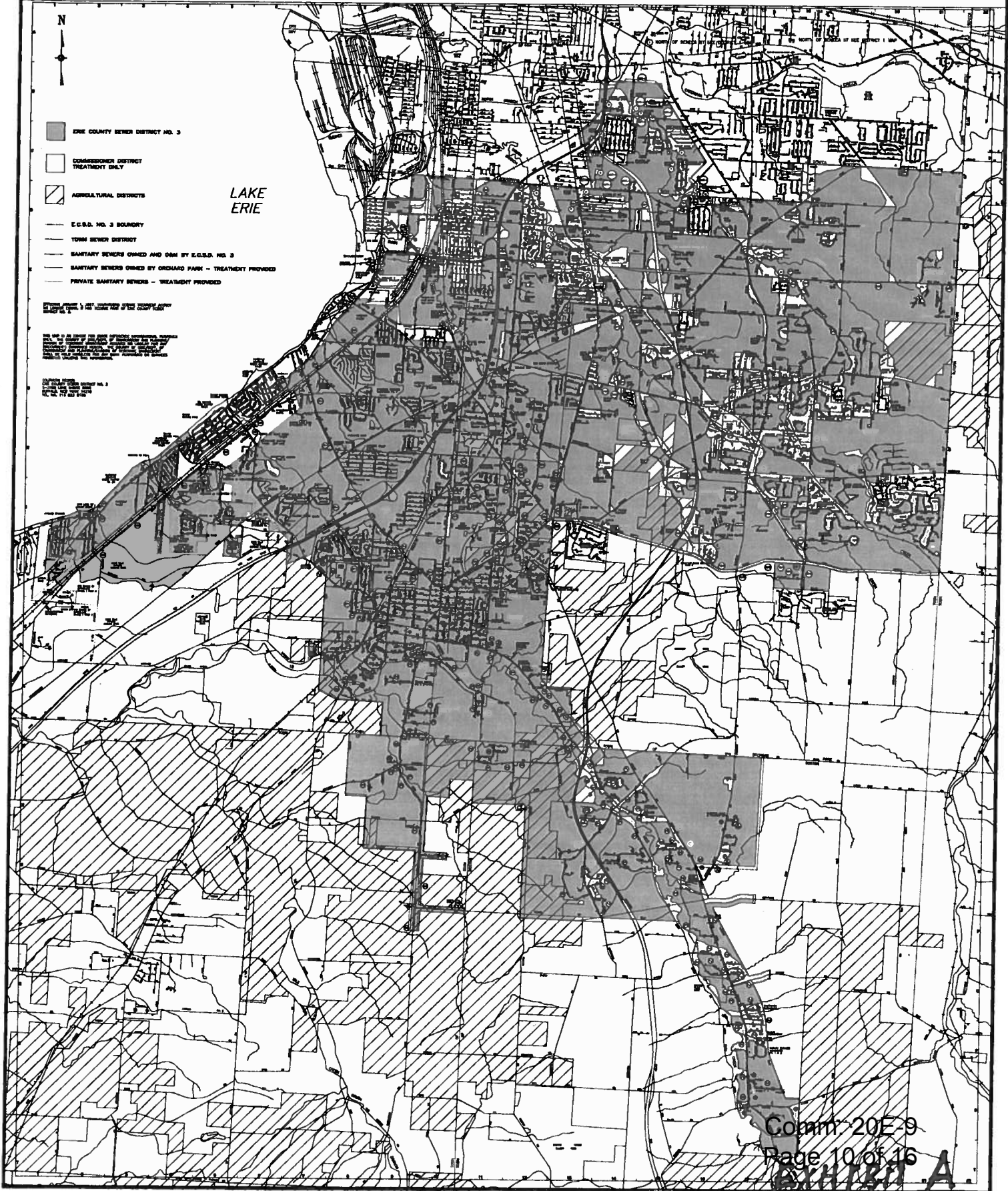
# ERIE COUNTY SEWER DISTRICT NO. 3



DATE LAST REVISED: AUGUST 28, 2014  
CADFILENAME: V:\DSM\ACTIVE\DISTRICTS\ECSD3.DWG  
SCALE : 1" = 2000'

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

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



**Mallory, John**

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**From:** Kichinda, Ruphence (EFC) <Ruphence.Kichinda@efc.ny.gov>  
**Sent:** Tuesday, July 22, 2014 11:46 AM  
**To:** Mallory, John  
**Subject:** RE: interest rate on 30 year bond

Effective 7/2/2014 the long-term rates are:

All-In True Interest Cost – Long Term Market Rate Financing = 3.67% (30 years)

Clean Water Subsidized Financing Rate = 1.84% (All-In TIC \* 50%)

Drinking Water Subsidized Financing Rate = 2.45% (All-In TIC \* 66 2/3%)

2014 TAX ROLL  
EDU'S - TRIBUTARY TO SOUTHTOWNS S.T.P.

DIST 3		UNIT	FLOW	E.U.	TOTAL EDU
ORIG.	Hamb. Chg. 1	265	17,657	194	459
	Chg. 2	11,353	110,291	1,209	12,562
	Blasdell	1,305	18,694	205	1,510
	H. Norht	1,280	4,481	50	1,330
	Vlg. Hamb.	4,434	26,406	290	4,724
	O.P. Chg 1	491	19,437	214	705
	(Buffalo Bills) O.P. Exm.	313			313
	Chg. 2	8,054	87,989	965	9,019
	O.P. Village	1,546	7,336	81	1,627
	Elma O.D.	3	1,899	21	24
				0	0
AM	Hamb. Chg. 2	144			144
	Chg. 1	1,320	24,211	266	1,586
	O.P. Chg. 1	72			72
	Chg.2	36	16	1	37
				0	0
B.V.	Boston Chg.	1,973	3,699	41	2,014
	Eden Chg.	259	2,619	29	288
	Hamb. Chg.	892	1,739	20	912
	Engel Ext.	12			12
	O.P.	24			24
Steuben	(cons. 233,437,000)			2,559	2,559
Mt. Vernon	(incl. O.D.)	1,097		37	1,134
Woodlawn	(incl. O.D.)	404		59	463
O.P. T.D.	2,4,6,7,8,9,10,11,11.1, 12,13.2,13.3.20	894			894
	(Minus what flows notrh to BSA)				-174
					42,238

**RESOLUTION  
ERIE COUNTY SEWER DISTRICT NO. 3  
BOARD OF MANAGERS**

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 (2014) for Erie County Sewer District No. 3 in the amount of \$5.0 million; and

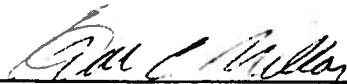
WHEREAS, said Sewer Agency Report describes improvements to the existing Erie County Sewer District No. 3 infrastructure as described in the Sewer Agency Report; and

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. 3.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Sewer District No. 3 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 (2014) in the amount of \$5.0 million with the Erie County Legislature pursuant to Article 5A of County Law.



\_\_\_\_\_  
David C. Millar, P.E.  
Secretary, Board of Managers  
Erie County Sewer District No.3

Moved by: DAVID MILLAR

Seconded by: DON WITKOWSKI

Approved: APPROVED 3-0

Date: OCT. 1, 2014

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 2013

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 2014.

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, 14<sup>th</sup> 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.

# **AVERAGE ESTIMATED COSTS FOR COUNTY AND TOWN SPECIAL IMPROVEMENT DISTRICTS**

**(EFFECTIVE FOR PROCEEDINGS FOR WHICH A NOTICE OF HEARING IS PUBLISHED FROM JANUARY 1, 2014 THROUGH DECEMBER 31, 2014)**

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.<sup>1</sup>

"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.<sup>2</sup>

Sewer	\$ 721
Water	\$ 805

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<sup>1</sup> 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.

<sup>2</sup> 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	\$ 7
Water	\$ 5

## 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]).