COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

July 3, 2026

Erie County Legislature
92 Franklin Street – Fourth Floor
Buffalo, NY 14202

**Re: Erie County Sewer District Nos. 1 and 4
Partial Closure of Capital Reserve Funds
Buffalo Sewer Authority Bills**

Dear Honorable Members:

Enclosed please find a memorandum and proposed resolution from the Department of Environment and Planning requesting the partial closure of the Erie County Sewer District Nos. 1 and 4 capital reserve accounts to address increases in Buffalo Sewer Authority bills.

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

Sincerely yours,

Mark C. Poloncarz, Esq.
Erie County Executive

Enclosure

cc: J. Fiegl, Deputy Commissioner – DEP/DSM

MEMORANDUM

To:	Honorable Members of the Erie County Legislature
From:	Department of Environment and Planning
Re:	Erie County Sewer District Nos. 1 and 4 Partial Closure of Capital Reserve Funds Buffalo Sewer Authority Bills
Date:	July 3, 2026

SUMMARY

The Department of Environment and Planning is requesting authorization for the partial closure of up to $1,000,000 from Erie County Sewer District (ECSD) No. 1 capital reserve account C.00033 and up to $750,000 from ECSD No. 4 capital reserve account C.00034 to address increases in Buffalo Sewer Authority (BSA) bills.

FISCAL IMPLICATIONS

There will be no fiscal implications to the County's general fund. Residual equity transfers will be processed to move the funds from the ECSD Nos. 1 and 4 capital reserve accounts to the sewer district operating budgets.

REASONS FOR RECOMMENDATION

The residual equity transfer of capital reserve funds into the ECSD Nos. 1 and 4 operating budgets will address anticipated shortfalls in G/L Account 516020 – Professional Service Contracts and Fees due to increases in BSA bills beyond budgeted amounts.

BACKGROUND INFORMATION

Contractual treatment costs make up roughly half of the ECSD Nos. 1 and 4 budgets. These costs are determined pursuant to agreements with the BSA. For fiscal year 2026 (FY26), ECSD No. 1 budgeted $4,565,000 for BSA treatment costs and ECSD No. 4 budgeted $8,250,000.

BSA-related costs have shown greater variability in recent years. To account for this, both districts budgeted a 10% increase for BSA expenses in FY26, when compared to FY25. This was considered reasonable given available information, including 6.7% increases within BSA's own budgets. When the districts received their FY26 bills from BSA, increases of 27.6% and 22.0% were realized, well above the 10% anticipated.

The significant difference between BSA's budget increases and the much larger increases in district bills prompted further investigation. The following is a summary of the BSA's response:

- The BSA's consent judgment with the New York State Department of Environmental Conservation (NYSDEC) requires substantial increases in both capital and operating expenditures.

- The largest driver of increased charges is associated with allocable capital projects, which increased from $6.2 million during last year's billing cycle to $14.5 million in this year's billing cycle.
- A lesser factor in the increase in charges is attributed to ECSD Nos. 1 and 4 accounting for a slightly larger proportion of total flow.

The term 'allocable capital projects' used by the BSA include engineering and construction work for BSA system components deemed as serving the districts, whether paid through debt issuance or capital reserves. The charge formula used to develop these bills include serval components, but in essence ECSD Nos. 1 and 4 pay a proportional share of actual BSA expenses based on flow quantities. Debt-funded projects spread expenses over many years, with the ECSDs paying a proportional share of the annual principal and interest payments. The full cost of capital reserve funded projects, however, are included in the charge formula immediately, causing instant and more pronounced impacts to district budgets. As the BSA increases its use of reserves, ECSD bills rise accordingly. These impacts on ECSD Nos. 1 and 4 were not known during development of FY26 budgets.

CONSEQUENCES OF NEGATIVE ACTION

ECSD Nos. 1 and 4 would have insufficient funds in G/L Account 516020 – Professional Service Contracts and Fees to pay the BSA bills. The districts would then be subject to interest charges for late payments.

STEPS TO FOLLOW APPROVAL

The residual equity transfer of funds from the capital reserve account to the sewer district operating budget will be completed. ECSD Nos. 1 and 4 will subsequently pay the BSA bills.

The BSA has communicated the magnitude of 'allocable capital projects' that may be included in the FY27 bills for ECSD Nos. 1 and 4, so the Division of Sewerage Management may better estimate BSA charges.

COMPTROLLER'S OFFICE REVIEW

The proposed legislation has been reviewed by the Comptroller's Office and is related to Capital Reserve accounts for which there are sufficient funds available for the action proposed.

Signed Timothy C. Callan Date 6/16/26

Timothy Callan, Ph.D.
Deputy Comptroller

Erie County Sewer District Nos. 1 and 4
Partial Closure of Capital Reserve Funds
Buffalo Sewer Authority Bills
Capital Reserve Accounts C.00033 and C.00034

A RESOLUTION SUBMITTED BY:
DEPARTMENT OF ENVIRONMENT AND PLANNING

RE: Erie County Sewer District Nos. 1 and 4
Partial Closure of Capital Reserve Funds
Buffalo Sewer Authority Bills

WHEREAS, Erie County Sewer District (ECSD) Nos. 1 and 4 require additional funds to pay for increases in Buffalo Sewer Authority bills beyond budgeted amounts; and

WHEREAS, the partial closing of ECSD No. 1 capital reserve account C.00033 and ECSD No. 4 capital reserve account C.00034 is recommended to address these increases in Buffalo Sewer Authority bills.

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Legislature hereby authorizes the partial closing of up to $1,000,000 in ECSD No. 1 capital reserve account C.00033 and up to $750,000 from ECSD No. 4 capital reserve account C.00034; and be it further

RESOLVED, that authorization is hereby given for the Division of Budget and Management to process a residual equity transfer of up to $1,000,000 from the ECSD No. 1 capital reserve account, WBS element C.00033, Funds Center 181, Fund 430, GL 570000 – Interfund Transfer-Subsidy, up to $750,000 from the ECSD No. 1 Capital Reserve Account, WBS element C.00034, Funds Center 181, Fund 430, GL 570000 – Interfund Transfer-Subsidy, and increase the revenues and appropriations in the respective operating budget as follows:

ECSD No. 1, Fund Center 18110, Fund 220

REVENUE	INCREASE
486010 – Residual Equity Transfer-In	$1,000,000
TOTAL REVENUE	$1,000,000

APPROPRIATIONS	INCREASE
516020 – Professional Service Contracts and Fees	$1,000,000
TOTAL APPROPRIATIONS	$1,000,000

ECSD No. 4, Fund Center 18110, Fund 220

REVENUE	INCREASE
486010 – Residual Equity Transfer-In	$750,000
TOTAL REVENUE	$750,000

APPROPRIATIONS	INCREASE
516020 – Professional Service Contracts and Fees	$750,000
TOTAL APPROPRIATIONS	$750,000

and be it further

RESOLVED, that authorization is hereby given to the Division of Budget and Management to implement any budget adjustments necessary to facilitate these transfers; and be it further

RESOLVED, that unused funds be returned to the respective capital reserve account and the operating budget be adjusted accordingly, based on guidance from the Division of Sewerage Management; and be it further

RESOLVED, that certified copies of this resolution will be forwarded to the Erie County Executive's Office, Comptroller's Office, Division of Budget and Management, Department of Law, and Division of Sewerage Management.

TO: COMPTROLLER'S OFFICE

PROPOSED RESOLUTIONS REQUIRING RULE 55

CONTRACT APPROVAL CHECKLIST
CONFIRMATION OF AVAILABILITY OF FUNDS IN CAPITAL PROJECTS

REQUESTING DEPARTMENT — COMPLETE ITEMS 1 THROUGH 5

1. CONTRACTOR'S NAME: Partial Closure of Capital Reserve Funds
(Buffalo Sewer Authority Bills)

2. AMOUNT OF CONTRACT: $ 1,000,000.00
$ 750,000.00

3. PROJECT NUMBER: C.00033
C.00034

4. PROJECT TITLE: C.00033 – ECSD No. 1 Capital Reserve
C.00034 – ECSD No. 4 Capital Reserve

5. DEPARTMENT CONTACT: Beth Pfalzer x6144

COMPTROLLER'S OFFICE — COMPLETE ITEMS 6 AND 7

6. AVAILABILITY OF FUNDS: $13,816,557.51

7. PERFORMED BY: [signature]

Date Sent to Comptroller's Office: June 15 2026

[55 compt_10]

OFFICE OF THE COMPTROLLER REVIEW **DATE:** 6/16/2026

PROJECT TITLE: C.00033 E.C.S.D.#1 CAP. RESERVE 12/96

1) IS THE REASON FOR THIS CONTRACT CONSISTENT WITH THE PURPOSE OF THE PROJECT: **YES** X **NO** ____

IF NO, RETURN THIS REQUEST TO THE DEPARTMENT

IF YES, COMPLETE THE FOLLOWING VERIFICATION

2) PROJECT AVAILABLE APPROPRIATION

Total Project Revenues	$	10,357,719.48
Total Project Appropriations	$	10,275,153.79
Less: Total Expenditure To Date	$	700,555.46
Less: Total Commitments	$	-
Available Appropriations As Of Date Of Request	$	9,574,598.33
Less: Contract Amount	$	1,000,000.00
Net Available Appropriations	$	8,574,598.33

Comments: Transfer to ECSD No. 1, Fund Center 18110, Fund 220.
There is $9,657,163.02 cash in the project.

Request Approved: Tony C Ca

Request Denied: ____

Date: 6/16/26

OFFICE OF THE COMPTROLLER REVIEW **DATE:** 6/16/2026

PROJECT TITLE: C.00034 E.C.S.D. #4 CAP. RESERVE 12/96

1) IS THE REASON FOR THIS CONTRACT CONSISTENT WITH THE PURPOSE OF THE PROJECT: **YES** X **NO** ____

IF NO, RETURN THIS REQUEST TO THE DEPARTMENT

IF YES, COMPLETE THE FOLLOWING VERIFICATION

2) PROJECT AVAILABLE APPROPRIATION

Total Project Revenues	$	5,843,673.82
Total Project Appropriations	$	5,807,093.52
Less: Total Expenditure To Date	$	1,565,134.24
Less: Total Commitments	$	-
Available Appropriations As Of Date Of Request	$	4,241,959.28
Less: Transfer to C.17401	$	750,000.00
Net Available Appropriations	$	3,491,959.28

Comments: Transfer to ECSD No.1, Fund Center 18110, Fund 220.
There is $4,278,539.58 cash in the project.
$2,340,000.00 has been previously earmarked for Contract #61.

Request Approved: Tony C Ca

Request Denied: ____

Date: 6/16/26

Project Budget Consumption

Column

Variation: Characteristics
- Fund
- Funds Center
- Funded Program
- Fiscal Year

Variation: Funded Program
- * Funded Program
  - C.00034 E.C.S.D.#4 CAP. RES
  - C.00033 E.C.S.D.#1 CAP. RES

Projects Budget Consumption Report Date: 04/16/2026 Page: 1 / 3

Fund/Group *
Funds Center *
Funded Program C.00033 E.C.S.D.#1 CAP. RESERVE 12/96

Commitment Item		Original Budge	Adjustments	Current Budget	Commitment	Actuals
420499	OthLocal Source Rev	80,000.00-	32,000.00-	112,000.00-		112,000.00-
422020	Insurance Recovery		210,000.00-	210,000.00-		210,000.00-
445030	Int & Earn - Gen Inv		54.00-	54.00-		54.39-
445031	Int & Earn - Cap Inv		935,659.78-	935,659.78-		1,018,224.04-
445070	Prem On Obligations		29,294.00-	29,294.00-		29,294.06-
486000	Interfnd Rev Subsidy		8,938,105.01-	8,938,105.01-		8,938,105.19-
486010	Resid Equity Tran-In		50,001.00-	50,001.00-		50,000.81-
* Revenue		80,000.00-	10,195,153.79-	10,275,153.79-		10,357,718.48-
570000	InterFund Trans-Subs					700,555.46
CAPITALPROJECTS	Capital Project Exp	80,000.00	10,195,153.79	10,275,153.79		
* Expense		80,000.00	10,195,153.79	10,275,153.79		700,555.46
** Commitment Item						9,657,163.02-

Capital Trial Balance

Column

Reports
- Capital Trial Balance
- Debt Trial Balance
- CBOG Trial Balance
- Project Comparison Debt Trial Balance

Variation: Characteristics
- Funded Program
- Fund

Variation: Funded Program
- * Funded Program
  - C.00033 E.C.S.D.#1 CAP. RES
  - C.00034 E.C.S.D.#4 CAP. RES

Capital Trial Balance Date Printed: 06/16/2026 Client:100 Page: 2 of 2

Fund(s): 400..599 Fiscal Year: 2026 Project(s):C.00033 E.C.S.D.#1 CAP. RESERVE 12/96
Period: 1 to 4

Account	[illegible]	YTD Debits	YTD Credits	End Bal
111000 CASH CONTROL ACCOUNT	9,574,598.76	82,564.26		9,657,163.02
389999 UNRESERVED/UNDESIGNATED FUND BALANCE				
* Balance Sheet	9,574,598.76	82,564.26		9,657,163.02
420499 OTHER LOCAL SOURCE REVENUE	112,000.00-			112,000.00-
422020 INSURANCE RECOVERY	210,000.00-			210,000.00-
445030 INT & EARN - GENERAL	54.39-			54.39-
445031 Int & Earn - Cap Inv	935,659.78-		82,564.26-	1,018,224.04-
445070 PREMIUM ON OBLIGATIONS - BONDS	29,294.06-			29,294.06-
486000 INTERFUND REVENUE SUBSIDY	8,938,105.19-			8,938,105.19-
486010 RESIDUAL EQUITY TRANSFERS IN	50,000.81-			50,000.81-
* Revenues	10,275,154.22-		82,564.26-	10,357,718.48-
570000 INTERFUND TRANSFERS (SUBSIDY)	700,555.46			700,555.46
* Expenditures	700,555.46			700,555.46
** Total		82,564.26	82,564.26-	

Project Budget Consumption

Column

Variation: Characteristics
- Fund
- Funds Center
- Funded Program
- Fiscal Year

Variation: Funded Program
- * Funded Program
  - C.00034 E.C.S.D.#4 CAP. RES
  - C.00033 E.C.S.D.#1 CAP. RES

Projects Budget Consumption Report Date: 06/16/2026 Page: 1 / 3

Fund/Group *
Funds Center * (*)
Funded Program C.00034 (E.C.S.D.#4 CAP. RESERVE 12/56)

Commitment Item		Original Budget	Adjustments	Current Budget	Commitment	Actuals
402190	Approp Fund Balance	11,229.57-	11,229.57			
416030	Realty Subdivisions		142,249.00-	142,249.00-		142,249.88-
420499	Othlocal Source Rev	1,350,000.00-	675,000.00	675,000.00-		675,000.00-
445030	Int & Earn - Gen Inv		121.00-	121.00-		121.40-
445031	Int & Earn - Cap Inv		605,258.48-	605,258.48-		641,878.02-
445070	Prem On Obligations		214,540.00-	214,540.00-		214,540.00-
486000	Interfnd Rev Subsidy		3,873,996.04-	3,873,996.04-		3,873,996.04-
486010	Resid Equity Tran-In		295,889.00-	295,889.00-		295,888.48-
* Revenue		1,361,229.57-	4,445,863.95-	5,807,093.52-		5,843,673.82-
559000	County Share-Grants					100,818.21
570000	Interfund Trans-Subs					1,464,316.03
CAPITALPROJECTS	Capital Project Exp	1,361,229.57	4,445,863.95	5,807,093.52		
* Expense		1,361,229.57	4,445,863.95	5,807,093.52		1,565,134.24
** Commitment Item *						4,278,539.58-

Capital Trial Balance

Column

Reports
- Capital Trial Balance
- Debt Trial Balance
- CBDG Trial Balance
- Project Comparison Debt Trial Balan

Variation: Characteristics
- Funded Program
- Fund

Variation: Funded Program
- * Funded Program
  - C.00033 E.C.S.D.#1 CAP. RES
  - C.00034 E.C.S.D.#4 CAP. RES

Capital Trial Balance Date Printed: 06/16/2026 Client:100 Page. 2 of 2

Fund(s) 400..599 Fiscal Year: 2026 Project(s):C.00034 E.C.S.D.#4 CAP. RESERVE 12/56
Period: 1 to 6

Account	[illegible]	YTD Debit	[illegible]	End Bal
117000 CASH CONTROL ACCOUNT	4,241,960.04	36,579.54		4,278,539.58
399999 UNRESERVED/UNDESIGNATED FUND BALANCE				
* Balance Sheet	4,241,960.04	36,579.54		4,278,539.58
416030 REALTY SUBDIVISIONS	142,249.88-			142,249.88-
420499 OTHER LOCAL SOURCE REVENUE	675,000.00-			675,000.00-
445030 INT & EARN - GENERAL	121.40-			121.40-
445031 Int & Earn - Cap Inv	605,298.48-		36,579.54-	641,878.02-
445070 PREMIUM ON OBLIGATIONS - BONDS	214,540.00-			214,540.00-
486000 INTERFUND REVENUE SUBSIDY	3,873,996.04-			3,873,996.04-
486010 RESIDUAL EQUITY TRANSFERS IN	295,888.48-			295,888.48-
* Revenues	5,807,094.28-		36,579.54-	5,843,673.82-
559000 COUNTY SHARE - GRANTS	100,818.21			100,818.21
570000 INTERFUND TRANSFERS (SUBSIDY)	1,464,316.03			1,464,316.03
* Expenditures	1,565,134.24			1,565,134.24
** Total		36,579.54	36,579.54-	