

June 30, 2011

Reference No. _____

Mr. Carmen A. Colao, Chairman
Chairman and Members
Niagara Falls Public Water Authority
5815 Buffalo Avenue
Niagara Falls, New York 14304

Mr. Michael McNally, Chairman
Chairman and Members
Niagara Falls Water Board
5815 Buffalo Avenue
Niagara Falls, New York 14304

Re: Continuing Disclosure Report of the Consulting Engineer and Rate Consultant Water, Wastewater and Stormwater System

Dear Chairmen and Members of the Authority and Board:

The purpose of this letter and the accompanying 2011 Continuing Disclosure Report (“2011 CDR” or “2011 Report”) is to update the conclusions of the independent engineering and financial analysis that were included in the 2010 Continuing Disclosure Report (the “2010 CDR”), dated July 12, 2010.

The Niagara Falls Public Water Authority (the “Authority”) and the Niagara Falls Water Board (the “Board”) are required to deliver certain financial information and operating data in each fiscal year to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor thereto. This 2011 CDR is intended to meet those requirements. The information and data is for the benefit of the beneficial owners of the bonds issued for the Board by the New York State Environmental Facilities Corporation (“NYSEFC”) in 2003 and 2005 (the “2003 EFC Bonds” and the “2005 EFC Bonds”, respectively) and the bonds issued by the Authority in 2003 and 2005 (the “2003 Authority Bonds” and the “2005 Authority Bonds”, respectively), collectively referred to as the “Outstanding Bonds”. All terms referred to in this letter and the accompanying 2011 Report that are not defined herein are as defined in the Official Statements for the Outstanding Bonds.

The projections presented in this letter and the accompanying 2011 Report are preliminary in nature and are based on the recent financial experience of the Board and the Authority and assumptions regarding future policy decisions of the Board and its performance. The projections include provisions for the financing of future improvements to the Water, Wastewater and Stormwater System (the “System”) of the Board as reflected in the Preliminary Capital Improvement Program (the “CIP”). The projected cash flows are also presented as a preliminary draft that is subject to change. The projected cash flows are intended to assess the ability of the Board and Authority to meet the operating costs, working capital needs and other financial requirements including the debt service requirements associated with the Outstanding Bonds and additional bonds which the Authority anticipates will be issued during the four years ending December 31, 2013 (the “Projection Period”). All references to years in the 2011 Report refer to the fiscal years of the Board and Authority which end on December 31. As Consulting Engineer to the Authority, URS Corporation (“URS”) provides the engineering and operations-related opinions of this letter and the 2011 Report. In order to assess the anticipated operating condition of the System during the projection period, URS evaluated the proposed improvements and additions to the System under the CIP. Drescher & Malecki LLP, Rate Consultant to the Board, provides the financial and management consulting opinions of this letter and the 2011 Report.

In preparing this 2011 Report, we reviewed, to a reasonable extent, the books, records, reports, operating information and statistical data of the Authority and the Board, and conducted other investigations and analyses as deemed necessary to prepare this 2011 Report.

Based on our studies, we offer the following opinions and conclusions:

- The System is currently in adequate condition to support the delivery of water, wastewater and stormwater services and the generation of user revenues. The water treatment facilities are in good condition, requiring few modifications during the projection period. The water distribution system is currently in adequate condition overall although the rate of leakage is higher than typical industry averages. The wastewater treatment plant (the “WWTP”) is in adequate condition overall, but certain components are in poor to adequate condition.
- During the projection period, the wastewater treatment facilities will require both routine and non-routine repairs, replacements and improvements as described herein. The wastewater collection system is in adequate condition overall but certain facilities require capital improvements as described herein. As described in the 2011 Report, certain improvements to the wastewater treatment facilities have been recently completed addressing many components that were previously in poor condition. Additional capital improvements will be implemented in 2011 and beyond within the wastewater treatment facilities and collection system.
- Board staff, including management and operations personnel, are well qualified and effectively organized.
- Through appropriate technology, staffing, tools, and equipment, the Board has operations and maintenance programs that are capable of ensuring the continued effective operation of the System. The System should continue to provide adequate levels of service with minimal disruption.
- The Board is currently in compliance with the conditions of all existing permits, regulations, and other requirements governing safe drinking water standards. The wastewater treatment facilities have been in compliance with all existing permits, regulations, and other requirements, with certain minor exceptions. The wastewater discharge permit requires that additional improvements be made within the sewer collection system, principally relating to Combined Sewer Overflow (CSO). While an Order On Consent requires Sanitary Sewer Overflow (SSO) abatement. The Board, in conjunction with professional engineering consultants, prepared separate plans to address the CSO and SSO issues. Both plans were approved by the NYSDEC. The CIP includes funding for anticipated capital improvements that will address the requirements of the permit during the Projection Period.
- In 2004, the Board authorized the development of a Master Plan for wastewater treatment (the “Strategic Wastewater Treatment Master Plan”). The Master Plan concluded that the upgrading of the existing wastewater treatment plant was more cost effective than other Board-sponsored alternatives such as the construction of a new treatment plant. The Master Plan identified the need for significant capital improvements at the wastewater treatment plant. The Board has retained firms to provide program management and engineering design services in support of the planned improvements. The improvements

to the carbon filter valves; carbon building; heating, ventilation and air conditioning (“HVAC”); main wetwell area; and headworks at the wastewater treatment plant (the “Phase 1 Project”) were completed in early 2009.

The Board completed the design of the second phase of the capital improvements for the WWTP (the ‘Phase 2 Project’) in 2009. Construction contracts were awarded for the Phase 2 Project in June 2009 and construction was completed in 2010. The Phase 2 project includes replacement of more carbon filter valves, piping and instrumentation, and automation of the carbon filtration process.

Phase 2A upgrades to the WWTP are currently under design and include upgrades and replacement to the filter backwash pumps, instrumentation, and controls. Additional rehabilitation and replacement projects are likely to be undertaken at the WWTP for the foreseeable future (Phases 3 and 4).

- The Board previously reached an agreement with the New York Power Authority (“NYPA”) related to the infiltration of water from NYPA’s hydropower intake facilities into the Falls Street Tunnel (the “FST”) of the Board. Currently, this infiltration accounts for over 20% of the total influent flow into the wastewater treatment plant of the Board. Under the terms of the Agreement, NYPA paid \$19 million to the Board in November 2007; the proceeds of which are intended to reduce or eliminate the NYPA FST inflow. The Board completed a predesign feasibility study in 2008 which evaluated the alternatives that would achieve that objective. The design of the recommended improvements began in 2009 and construction was initiated in 2011, and is currently scheduled to be completed on January 5, 2012. The current estimate of the cost of the recommended alternative is significantly less than the funds paid to the Board. Any monies remaining from the \$19 million payment beyond the actual amounts needed for the FST repairs will become available for one or more of the following purposes: other wastewater system capital projects identified in the Board’s CIP, or other purposes that are permissible under the Bond Resolution. Policy decisions will be made by the Board regarding the use of any remaining monies.
- The Board was awarded \$11 million in funding from the 2009 American Recovery and Reinvestment Act (“ARRA”) to complete the second phase of cleaning and restoration of the North Gorge Interceptor (“NGI”). The funding will be administered through the NYSEFC with approximately \$5.5 million provided in the form of a subsidized loan at 50% of the market interest rate through the NYSEFC, and a further \$5.5 million in principal forgiveness (the “ARRA grant”). Construction was completed during 2011.
- The Board approved the purchase of an enterprise-wide computerized maintenance management system (“CMMS”) that will be a critical element of the efforts to protect the Board’s infrastructure investments now and into the future.
- It is anticipated that the Board will fund the CIP through the following sources: existing monies in its Construction Fund; the proceeds of the ARRA grant and NYSEFC loan; the proceeds of anticipated future bonds issued by the Authority; proceeds from the NYPA payment; and surplus funds generated in each year. Significant additional improvements to the wastewater treatment plant will be required both within and beyond the Projection Period.

- In January 2008 the Board reached a settlement in the collective bargaining agreements with all four of its labor unions. The agreements, which expired on December 31, 2010, created a second tier benefit package for employees hired after January 2008. This new tier will provide significant long-term savings to the Board as new employees replace outgoing retirees. The package includes a more modest health care plan with a 20% employee contribution, a halving of paid sick and holidays, and a new paid time-off plan. Over one-half of Board employees are eligible for retirement within the next 5 years. Negotiations on the now expired contracts are ongoing.
- In 2004, the Board authorized the preparation of a Competitiveness Plan for its operations. The Competitiveness Plan identified opportunities to optimize operations and maintenance services while reducing the required number of employees over time through increased automation, employee training, improved tools and equipment and other techniques. From September 2003 to April 30, 2010, the number of employees declined from 141 to 89. Further declines are expected in 2011 and future years. The intent of the Board is to implement changes in technology and business processes simultaneously with attrition in the workforce in order to optimize the efficiency and effectiveness of its operations.
- Water consumption by customers of the System decreased in 2006, 2007, 2008, 2009 and 2010. Consumption declined by 1.7%, 1.2%, 5.5%, 13.4% and 9.79%, respectively, compared to the demand in the prior year. Much of the decline in consumption in 2009 was attributable to a single industry. The financial projections assume that consumption by all customers will decline at the rate of about 1.0% during 2011, 2012 and 2013.
- Year-to-date consumption by customers through March 31, 2011 is somewhat higher than during the same period in 2010. The year-to-date billings to customers through March 31, 2011 are also somewhat higher than during the same period in 2010. Since some fluctuations can occur from quarter to quarter, it is too early in the year to assess whether consumption or billings will be higher or lower in 2011 compared to the usage and customer billings in 2010.
- Year-to-date cash collections from customer payments through May 31, 2011 are slightly higher than expectations for this period. In addition, interest earnings and investments are less than expected due to the very low rates that are available on permissible investments. Based on year-to-date experience, the Board's expenses are anticipated to be less than budgeted amounts due to a decline in labor expenses. Table 11 of the 2011 CDR summarizes the current preliminary estimate of revenues, expenses, debt service, other expenses and debt service coverage for 2011 through 2014. All amounts are subject to change.
- Based on the year-to-date results through May 31, 2011, the Board will have to carefully monitor its cash flows during 2011 to ensure that debt service coverage requirements are met. While current projections show the Board will meet debt service coverage requirements for 2011, there are many factors, such as weather and economic conditions, which could affect such projections. The Board should carefully monitor revenues and expenses in 2011 to ensure that debt service coverage requirements are met. Table 11 of the 2011 CDR was reviewed by the members of the Board in advance of the issuance of this Report.

- The Board has maintained the same rates for water and wastewater service in the City of Niagara Falls (the “City”) for 2011 as those for 2010. The preliminary projections of percentage increases in water and wastewater rates and charges for 2012 through 2014 for customers within the City are presented in Table 11 of the 2011 CDR.

The projected increases in rates included in Table 11 of the 2011 CDR are preliminary and subject to change. The future increases in the rates of the Board are dependent upon upcoming Board policy decisions regarding: the size, scope and timing of the CIP; the use of the remaining monies from the NYPA settlement; and potential reductions in annual operation and maintenance expenses. Future increases in rates are also dependent upon actual experience and future assumptions regarding customer demand as well as other factors. The Board has expressed its interest in minimizing rate increases while at the same time meeting its financial, capital investment and operating obligations. As a result of all of the above considerations, actual increases adopted by the Board may differ from the amounts shown above.

- Current rates for water and wastewater service are somewhat higher than the average rates of other cities.
- The Board is in compliance with the reserve fund requirements of the Resolution, including the required amounts on deposit in the Debt Service Reserve Fund and the Operating Reserve Fund.
- During the analysis of 2012-2014 revenues and revenue requirements, Drescher & Malecki LLP reviewed certain assumptions with respect to conditions, events and circumstances, which may occur in the future. The firm believes that these assumptions are reasonable and attainable, although actual results will differ from those forecasted as influenced by the conditions, events and circumstances that actually occur.

We wish to extend our gratitude to the Board and the Authority for the support provided in preparing this report. We appreciate the opportunity to be of service in this important matter.

Very truly yours,



John Goeddertz, Ph.D.
URS Corporation
Consulting Engineer

Very truly yours,



Wayne W. Drescher, CPA
Drescher & Malecki LLP
Rate Consultant

Continuing Disclosure Report of the Consulting Engineer and Rate Consultant

Introduction

This 2011 Continuing Disclosure Report, prepared in June 2011 (the “2011 CDR” or the “2011 Report”), provides information to supplement and update information presented in the Feasibility Report of the Consulting Engineer and Rate Consultant, prepared in August 2005 (the “2005 Report”), included in the Official Statement for the 2005 Authority Bonds, the 2007 Continuing Disclosure Report prepared in June 2007 (the “2007 CDR”), the 2008 Continuing Disclosure Report prepared in June 2008 (the “2008 CDR”), the 2009 Continuing Disclosure Report prepared in July 2009, and the 2010 Continuing Disclosure Report prepared in July 2010 collectively referred to as the “Prior Reports”. Except where noted, the table numbers and titles used in the 2011 CDR correspond to the table numbers and titles in the Prior Reports. In matters presented in the Prior Reports where we have been advised by the Board that no material change has occurred since the preparation of the Prior Reports, no additional information is presented in this 2011 CDR. Throughout the 2011 CDR, references are made to the Water, Wastewater and Stormwater System of the Board (the “System”) which serves the City of Niagara Falls (the “City”) and provides water service to small portions of adjacent communities.

Board and Authority Members

Mr. Michael McNally became the Chairman of the Board in 2008. Mr. Nicholas Marchelos is the Vice Chairman of the Board and Mr. Peter Sinclair is the Treasurer of the Board. Mr. Thomas Vitello and Mr. Ted Janese III are members of the Board.

Mr. Carmen Colao is the Chairman of the Authority, a position he has held since the Board acquired the System in September, 2003. Mr. Patrick Brown is the Treasurer of the Authority. Ms. Clara Dunn is a member of the Authority.

Organization and Staff of the Board

Mr. Paul Drof is the Executive Director of the Board. Mr. Drof has over 30 years of progressive experience in the environmental water and wastewater industry, with an emphasis on strategic budgeting and planning along with innovative process optimization and cost-saving initiatives. In the field of water and wastewater, Mr. Drof has extensive knowledge of industrial pretreatment programs, activated sludge and physical-chemical treatment, carbon adsorption and regeneration,

hazardous waste site remediation, public-private partnerships, process review and optimization and regulatory experience.

Mr. Drof received a Bachelor of Science degree from the State University of New York at Fredonia (SUNY-Fredonia). He also conducted post-graduate studies in biology at SUNY-Fredonia. He is a licensed water treatment plant operator and a licensed wastewater treatment operator in New York State. Prior to joining the Board, Mr. Drof served as Superintendent of Water/Wastewater Treatment for the City of North Tonawanda, NY.

The total staffing levels have declined since the Board acquired the System in September, 2003. Staffing levels are expected to decline in the future as the Board increases the automation of the System and provides enhanced employee training, new business processes and improved tools and equipment.

The table presented below illustrates the staffing levels for the System as of April 30, 2011.

Table 1 – System Staffing

	Staff Positions *
Water Facilities Division	34.5
Wastewater Facilities Division	<u>48.5</u>
Total System	<u>83.0</u>

* Denotes filled positions. Authority and Board members, as well as, personnel providing support services are not included in the above figures. The above totals also do not include staff members that are currently on unpaid leave.

The City provided certain support services to the System in the form of engineering, legal, billing and collection, accounting and fleet maintenance services during the initial years of the Board's operations. Under the terms of the Operations Agreement between the City and the Board, the Board notified the City that it wished to assume direct responsibility for the support services provided by the City. For example, the Board installed a new financial management system and began billing customer accounts and directly receiving customer non-cash payments during 2008. The City continues to work with the Board in providing collection services for overdue accounts and other services. Under the terms of the agreement, the Board will pay the City approximately \$75,000 per year for the services it receives.

Water Treatment

The average daily output from the Board's water treatment plant for 2007 through 2010 is shown in the following table.

Table 2 – Average Daily Production of Treated Water

Year	2007	2008	2009	2010
Flow (MGD)	16.78	16.30	17.10	18.20

Unbilled Water

In Prior Reports, this section was described as unaccounted-for water. The term unaccounted-for water is redefined below and a definition is provided for unbilled water. The Water Facilities Division calculates the percentage of unbilled water based on the difference in quantity between the treated water pumped into the Water System and the number of billed units provided to customers, divided by the treated water pumped. Unbilled water includes both known uses that are not measured or billed (e.g., water used in firefighting and hydrant flushing) and unaccounted-for water such as losses due to leaks in the System. Unbilled water has been 50% percent or more of treated water for the last five years, a percentage that is significantly higher than typical industry averages. The table presented below shows the average percentages of unbilled water by year. The Board has approved a hydrant study, which will examine leakage throughout the System. Furthermore, staff is presently reviewing a previously completed leakage survey and anticipates completion of an updated study in the near future.

Table 3 – Unbilled Water

Year	Percent of Treated Water
2007	54%
2008	54%
2009	63%
2010	68%

The marginal cost to the Board of treating and pumping water that is not sold is relatively low. Notwithstanding the absence of a significant cost incentive, the CIP for the Water System is focused primarily on improvements to the distribution system that, over time, together with the increased focus on identifying lost water should result in a decline in unaccounted-for water. In

2011 the Board purchased new equipment that is being used successfully by Board forces to find and locate water line leaks and perform repairs. The CIP also includes planned water meter upgrades for 2013, 2014, and 2015 to replace aging water meters and hopefully see an increase in billed water.

Water System Staffing

The following table illustrates the number of personnel in each of the eight (8) sections of the Water System as of April 30, 2011.

Table 4 – Water System Staffing

Section	Staff Positions
Laboratory	1.0
Administration	4.0
Information technology	2.0
Engineering	2.0
Purification Operations	7.5
Purification Maintenance	3.5
Outside Water Maintenance	8.0
Meter Shop	<u>6.5</u>
Total Water System Staff	<u>34.5</u>

Based on our review of the Water System, including interviews and discussions with its management and staff, we believe that the Water System is adequately staffed and key management personnel have the qualifications and experience commensurate with their responsibilities.

Wastewater Treatment

The following table identifies the historical flows through the wastewater treatment plant (“WWTP”).

Table 5 – Average Daily Production of Treated Water

Year	2007	2008	2009	2010
Flow (MGD)	30.90	33.10	31.66	31.87

Wastewater System Staffing

The table presented below illustrates the number of personnel in each of the six (6) sections of the Wastewater System.

Table 6 – Wastewater System Staffing

Section	Staff Positions
Monitoring and Compliance	3.5
Analytical Services	6.0
Sewer Collection System Maintenance (1)	7.5
Administrative / Technical	4.0
Plant Operations	15.5
Plant Maintenance	<u>12.0</u>
Total Wastewater System Staff	<u>48.5</u>

- 1) Includes sanitary sewers, combined sewers and storm sewers. Positions for stormwater maintenance were paid for through the City's General Fund, prior to acquisition of the System by the Board.

Based on our review of the Wastewater System, including interviews and discussions with its management and staff, we believe that the Wastewater System is adequately staffed and key management personnel have the qualifications and experience commensurate with their responsibilities.

Preliminary Capital Improvement Program (CIP)

The Board and the Authority have the responsibility to adopt and implement the CIP for the System. Table 7 presents the CIP for the System for 2011 through 2015. The CIP is updated periodically. The updated CIP as presented herein was reviewed and approved by the Board on June 23, 2011. The amounts presented include an allowance for inflation. The Board plans to review and update the CIP by the end of 2012; thus, all projects and amounts for 2011 through 2015 are preliminary and subject to change.

Table 7 – Capital Improvement Plan (“CIP”)

Description	2011	2012	2013	2014	2015	Total
IT Plan Implementation	25,000	25,000	25,000	25,000	25,000	125,000
Meter Replacement & Upgrades	150,000	150,000	1,800,000	1,800,000	1,800,000	5,700,000
Fleet Replacement	80,000	80,000	180,000	80,000	80,000	500,000
Water/sewer GIS/GPS Mapping	5,000	25,000	5,000	5,000	5,000	45,000
WWTP Rehab Phase 2A	80,000	500,000				580,000
WWTP Rehab Phase 3			200,000	5,000,000		5,200,000
WWTP Rehab Phase 4					100,000	100,000
WWTP Electrical Substation Repairs	750,000					750,000
WWTP Roof Repairs		300,000	2,500,000			2,800,000
WWTP Subsidence Correction	200,000					200,000
WWTP Miscellaneous	600,000	100,000	100,000	100,000	100,000	1,000,000
WWTP UV Disinfection Study	60,000					60,000
Sanitary Lift Station Electrical Upgrades					50,000	50,000
Falls St. Tunnel NYPA I/I Repairs	6,600,000					6,600,000
Sewer Replacements & Repairs	325,000	325,000	325,000	325,000	325,000	1,625,000
Buffalo Avenue Sewer Repairs	400,000					400,000
LaSalle Area Sewer Improvements (SSO)	500,000	200,000	400,000	450,000	400,000	1,950,000
Combined Sewer Overflow LT Control Plan Impl.	25,000					25,000
CSO Outfall Structural Repairs					50,000	50,000
NGI Obstruction	1,400,000					1,400,000
Lewiston Road Main, Ontario to Clifton	95,000					95,000
Ontario Ave - 13th to 18th Street		250,000				250,000
Military Road Main, between Jacob and Cayuga		180,000				180,000
97th Street - 98th to NF Blvd	400,000					400,000
Buffalo Avenue Water Valves	80,000					80,000
Large Valve Replacement	80,000	80,000	80,000	80,000	80,000	400,000
Leak Detection / Distribution Modeling	80,000	50,000	50,000			180,000
Hydrant Replacement	80,000	80,000	80,000	80,000	80,000	400,000
Water Miscellaneous Improvements	300,000	225,000	225,000	225,000	225,000	1,200,000
WTP Vent Line Replacement					25,000	25,000
	12,315,000	2,570,000	5,970,000	8,170,000	3,345,000	32,370,000

The CIP for the Water System is focused primarily on distribution system improvements to enhance overall water quality and system reliability, including an annual water main replacement and relining program. A significant water pipeline break occurred in March 2010. While the financial effect of the break was not material to its annual cash flow, the break highlighted the long-term need for distribution system repairs.

The CIP for the Wastewater System is focused primarily on wastewater treatment plant improvements, collection system rehabilitation, and removal of infiltration into the Fall Street Tunnel (the “FST”), The CIP includes funding for certain improvements at the WWTP. These

improvements are reasonable and necessary given the age and condition of the facility. The construction of the Phase 1 Project for the plant was completed in early 2009. The first phase work included: the replacement of equipment in the influent facilities; replacement of several carbon filter valves, piping and control equipment; improvements to the filter effluent area; as well as several new HVAC units to improve atmospheric conditions and protect the new equipment. State-of-the-art control technology has been installed as equipment is replaced, resulting in greater operational efficiency.

The Board completed the design of the second phase of the capital improvements for the WWTP in 2009. Construction contracts were awarded for the Phase 2 Project in June 2009 and construction was completed in 2010. The Phase 2 project included replacement of more carbon filter valves, piping and instrumentation, and automation of the carbon filtration process. Design work for the next phase of this work (Phase 2A) was approved by the Board in June 2011 with construction expected to begin by the end of the year.

Deficiencies were discovered during maintenance testing in 2009 at the 115 kV electrical substation at the WWTP. The design of the improvements to the substation was initiated in June 2009. It is anticipated that construction of the improvements will be completed in October 2011.

The North Gorge Interceptor project was completed in 2011. Upon completion, the interceptor has been returned to service and should provide reliable service for the foreseeable. The Board was awarded \$11 million in funding through the NYSEFC in 2009, \$5.5 million of which is in the form of a “principal forgiveness” loan as part of the American Recovery and Reinvestment Act (“ARRA”).

The Board reached an agreement with the New York Power Authority (“NYPA”) related to the infiltration of water from NYPA’s hydropower intake facilities into the FST of the Board. Currently, this infiltration accounts for over 20% of the total influent flow into the WWTP of the Board. Under the terms of the Agreement, NYPA paid \$19 million to the Board in November 2007; the proceeds of which are intended to reduce or eliminate the NYPA FST inflow. The Board completed a predesign feasibility study in 2008 which evaluated the alternatives that will achieve that objective. The design of the recommended improvements was substantially completed in 2009 and 2010 and construction began in January 2011. The construction contract was awarded for \$6.2 million which is significantly less than the funds paid to the Board. Any monies remaining from the \$19 million payment after completion of the FST repairs will become available for one or more of the following uses: other wastewater system capital projects identified in the Board’s CIP, or other purposes that are permissible under the Bond Resolution.

Policy decisions will be made by the Board regarding the use of any remaining monies. The preliminary sources and uses of capital finds as shown in Table 2 of this 2010 Report assumes that the additional monies from the NYPA payment will be applied towards the cost of other capital projects, recognizing that Board policy decisions may change the amount of funds that are used for this purpose.

In 2011 the Board completed a comprehensive hydrant review. The hydrants were flow tested and the results will be used in conjunction with leak survey results to prioritize areas where water line leakage may be occurring.

The CIP addresses several sewer capacity issues through a variety of individual projects in the combined wastewater and stormwater sections of the System and improvements in the separated LaSalle portion of the System. The Long Term Control Plan (LTCP) was approved by NYSDEC in May 2008. Required upgrades of certain Combined Sewer Overflow (CSO) facilities pursuant to the LTCP were completed in March 2010. Funding is included in the CIP for the upgrading of certain additional CSO facilities. Beyond the Projection Period, it is expected that there will be a continuing need for improvements to the sewer collection system.

In the opinion of URS, the CIP for the System is reasonable and will help ensure that adequate levels of water and wastewater services are delivered to customers in a reliable manner.

Sources and Uses of Funds

Table 8 presents the anticipated sources and uses of funds for the CIP. The amounts shown are preliminary, pending policy decisions of the Board.

Table 8 – Sources and Use of Funds for the CIP

	2011	2012	2013	2014	2015
Opening balance, January 1:					
Remaining NYPA funds	\$ 19,176,407	\$ -	\$ -	\$ -	\$ -
Remaining EFC loan funds	500,000	-	-	-	-
Carryover balance	-	8,661,407	7,301,407	2,391,407	7,431,407
	<u>19,676,407</u>	<u>8,661,407</u>	<u>7,301,407</u>	<u>2,391,407</u>	<u>7,431,407</u>
Sources of CIP funds:					
Prior year surplus	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Interest on construction balance	300,000	210,000	60,000	210,000	150,000
Authority bond proceeds	-	-	-	12,000,000	-
Use of CIP funds:					
CIP spending (per Table 7)	<u>(12,315,000)</u>	<u>(2,570,000)</u>	<u>(5,970,000)</u>	<u>(8,170,000)</u>	<u>(3,345,000)</u>
Ending balance, December 31	<u>\$ 8,661,407</u>	<u>\$ 7,301,407</u>	<u>\$ 2,391,407</u>	<u>\$ 7,431,407</u>	<u>\$ 5,236,407</u>

In 2011 through 2013, it is anticipated, on a preliminary basis, that the annual capital improvement plan funding will be met through a combination of the carryover available funds (from NYPA and EFC loans which have previously been on deposit with the Board) and annual surplus fund contribution and interest earned on available CIP funds.

Table 8 assumes that the Board will utilize bond proceeds beginning in 2014 to continue with the projects designated in the 2014 and 2015 CIP.

Outstanding Debt

The following table summarizes the outstanding bond issues and remaining principal amounts attributable to the System as of December 31, 2010.

Table 9 – Outstanding Debt

Debt Instrument	Principal Balance at December 31, 2010
2003 NFPWA Series A	\$ 25,510,000
2003 NFPWA Series B	9,980,000
2003 EFC Series G, Clean Water	15,530,000
2003 EFC Series A, Drinking Water	5,580,000
2003 EFC Series H	14,730,000
2004 EFC Series A	4,095,000
2005 Series A&B (NGI/EFC)	5,135,000
2005 Series Capital	7,000,000
2005 Series C Refunding 2003A	<u>16,115,000</u>
Total Amount	<u>\$103,675,000</u>

The Authority did not issue additional debt in 2010. The final debt service payments for all outstanding Authority bonds are due in 2034. The annual principal and interest payments associated with the outstanding debt during the Projection Period are included in the Preliminary Projection of Cash Flows that is shown in Table 11.

Historical Cash Flows and Debt Service Coverage

The Board acquired the System from the City in September 2003. The Board has now completed six full years as the owner and operator of the System. A summary of the financial performance achieved during the years ending December 31, 2008, December 31, 2009, and December 31, 2010 is provided in the Table 10.

Table 10 – Historical Financial Performance

Line	Description	2008	2009	2010
1	Receipts from customers	\$ 23,823,728	\$ 22,808,173	\$ 22,697,790
2	Receipts from Occidental	2,300,000	2,100,000	2,000,000
3	Interest earnings	1,782,690	868,856	669,080
4	Proceed from sales of assets	-	-	60,500
5	Total cash receipts	<u>27,906,418</u>	<u>25,777,029</u>	<u>25,427,370</u>
6	Start up expenses	8,714	-	-
7	Payments to employees	8,374,022	8,490,786	8,083,877
8	Payments to suppliers	<u>5,127,438</u>	<u>7,899,738</u>	<u>7,487,366</u>
9	Total operating expenses	<u>13,510,174</u>	<u>16,390,524</u>	<u>15,571,243</u>
10	Cash available for debt service (line 5 - line 9)	<u>14,396,244</u>	<u>9,386,505</u>	<u>9,856,127</u>
11	Interest payment	4,598,091	4,540,227	4,474,333
12	Principal payment	<u>2,477,960</u>	<u>2,525,000</u>	<u>2,590,000</u>
13	Total debt service	<u>7,076,051</u>	<u>7,065,227</u>	<u>7,064,333</u>
14	Surplus (line 10 - line 13)	<u>\$ 7,320,193</u>	<u>\$ 2,321,278</u>	<u>\$ 2,791,794</u>
15	Debt service coverage (line 10 / line 13)	<u>2.03</u>	<u>1.33</u>	<u>1.40</u>

In 2009, due to the number of work days and timing of payrolls, payments to employees (line 7 in Table 10 above) included one more payroll period than in the prior and succeeding years.

The preceding table has been prepared based on information presented in the annual financial statements of the Board. The financial statements of the Board for the years ended December 31, 2010, December 31, 2009 and December 31, 2008 were audited by the firm of Toski, Schaefer & Co., P.C., Certified Public Accountants.

Total cash collections from customer billings include payments related to current billings as well as arrears payments.

Water sales in 2008, 2009 and 2010 were approximately 5.5%, 13.4% and 9.8% lower, respectively, compared to usage in the prior year. These declines exceeded the assumed rate of decline. Much of the reduction in usage was attributable to one large industrial customer. Other water systems in the mid-Atlantic and Northeast regions of the United States also experienced greater than expected declines in usage in 2009 due, in part, to the economic recession. It is not known whether consumption will increase if economic conditions were to improve in the future.

Interest earnings on the funds of the Board in 2009, 2010 and year-to-date in 2011 were lower than previously expected due to the effects of significantly lower interest rates on investments that were available in financial markets.

The results for the year ending December 31, 2008 indicate that the actual debt service coverage achieved by the Board was 203%, exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2009 indicate that the actual debt service coverage achieved by the Board was 133%, again exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2010 indicate that the actual debt service coverage achieved by the Board was 140%, also exceeding the minimum requirement of 115% of debt service.

In January 2008 the Board reached a settlement in the collective bargaining agreements with all four of its labor unions. The agreements, which expired on December 31, 2010, create a second tier benefit package for employees hired after January 2008. This new tier has provided significant savings to the Board as new employees replace outgoing retirees. The package includes a more modest health care plan with a 20% employee contribution, a halving of paid sick and holidays, and a new paid time-off plan. Over one-half of Board employees are eligible for retirement within the next 5 years. In 2010, a State of New York retirement incentive program was offered to Board employees. Contract talks with collective bargaining units are ongoing.

The 2010 Retirement Incentive Program offered by the Board under Part A of Chapter 105, Laws of 2010 of the State of New York identified and targeted certain Board employees. The incentive provided one additional month of service credit for each year of credited service an eligible member has at retirement. The maximum additional incentive service credit is three years. The Board will be required to provide the retirement system with certain payments for each individual who accepted the incentive.

The Board analyzed the potential financial and staffing resourcing effects and determined that offering such incentive would provide net positive effects. 15 Board employees accepted the

incentive and retired prior to the incentive deadline of December 31, 2010. The anticipated first year savings from this retirement incentive is estimated to approximate \$190,000, with additional annual savings to be ongoing.

Compliance with Reserve Fund Requirements

Under the terms of the Financing Agreement between the Board and the Authority, the Board is required to maintain minimum balances in reserve funds relating to its operating expenses and debt service. The amounts on deposit in the Operation and Maintenance Reserve Fund must equal or exceed two months' of the anticipated operation and maintenance expenses in the upcoming year. The amounts on deposit in the Debt Service Reserve Fund must equal or exceed the maximum annual debt service in any future year. The amounts on deposit in the Board's Operation and Maintenance Reserve Fund and Debt Service Reserve Fund as of December 31, 2010 are in compliance with the requirements of the Financing Agreement. The Board expects to continue to be in compliance with these requirements during 2011.

Projected Cash Flows and Rates

The preliminary projection of cash flows of the System is presented in Table 11. These projections are preliminary and subject to change. The future cash flows of the Board are dependent upon many factors, including economic conditions and Board policy decisions regarding the size, scope and timing of the CIP; the use of the remaining monies from the NYPA settlement and potential reductions in annual operation and maintenance expenses. Future increases in rates and revenues are also dependent upon actual experience and assumptions for regarding customer demand as well as other factors. The achievement of any projection of future conditions is dependent upon the occurrence of other future events and circumstances such as changes in the local and national economy, demographic changes, variations in interest rates and inflation, new regulatory agency initiatives and other factors that cannot be predicted. Therefore, the actual financial requirements and performance of the System may vary from the estimates presented herein, and such variations could be material.

The year-to-date cash receipts through June 30, 2011 are relatively consistent with those of the prior year. There has been a slight decline in water sales, which appears to be the result of a record wet weather spring of 2011. However, the decline in sales was offset by increased customer collections. There is insufficient data to reach any conclusions regarding usage trends for the year.

Adjustments have been made in Table 11 to both the projected interest earnings and payments from customers to reflect actual experience through June 2011. The projected labor expenses in 2011 are lower than was budgeted reflecting lower actual staffing levels than was envisioned at the start of the year. All other budget line items remain consistent with the Board's adopted budget for 2011.

The projected cash flows in 2011 through 2013 assume that the Board will enact increases in water and wastewater rates and charges of an average of 5.0% in 2012, 11.0% in 2013, and 10.0% in 2014. The projection indicates that under the conditions reflected herein, the System will generate operating revenues of approximately \$25.0 million in 2011, increasing to approximately \$28.4 million in 2014.

Taking into consideration non-operating revenues, total revenues available for debt service and expenses are projected to be \$9.1 million in 2011, increasing to \$9.4 million in 2014. Each of these projections is preliminary and subject to change. The projected increase in user payments reflects the assumption that water consumption by customers will decline at the rate of one-fourth of the annual percentage increases in user rates; i.e., if rates are increased by 6%, water consumption will decline by 1.5%. If the rate of decline in customer usage is greater than the assumed percentage, the Board will have to increase water and sewer rates at a pace that is greater than assumed and/or decrease expenses in order to achieve the debt service coverage requirement. In 2013 and 2014, there are significant projected increases in user rates due to the large declines in the payment from Occidental compared to the prior years. The payment by Occidental in 2013 is the last payment under the settlement agreement.

The Board is evaluating alternative strategies to enhance revenues including potential long-term agreements with customers and initiatives to attract greater quantities of hauled waste that would be transported to the WWTP for treatment and disposal. The preliminary projections contained in this Report do not take into consideration the potential effects on revenues or expenses of such efforts.

On a preliminary basis, operating expenses are projected to increase from approximately \$15.8 million in 2011 to \$19.0 million in 2014. Operating expenses in 2011 through 2014 are expected to increase with inflation, with the exception of employee benefits and chemicals which are projected using historical increases actually realized in the past five years (and which have increased at rates significantly higher than inflation). However, a portion of the inflationary increase is assumed to be offset by salary and benefit reductions attributable to reductions in the

number of personnel as well as savings in non-labor costs through the implementation of the Competitiveness Program.

The projected debt service includes principal and interest payments on outstanding bonds as well as anticipated future bonds of the Authority. It is presently anticipated that the Authority will issue \$12.0 million in additional debt in 2013, with the first interest and principal payments on such debt occurring in 2014. These amounts and the timing of the potential issuance of debt are subject to change based on policy decisions by the Board. The proceeds of such bonds or notes will be used to pay a portion of the costs associated with the CIP. The preceding amounts include an allowance for deposits to the Debt Service Reserve Fund and the costs of issuance. The projected debt service assumes that the anticipated future bonds will have a 30-year term at an average interest rate of 6.0% and level principal and interest payments.

In 2011, pursuant to its agreement with the City, the Board is obligated to make annual payments in lieu of taxes to the City. The projected amount to be paid from 2011 through 2014 is \$700,000 per year.

The debt service coverage ratios in Table 11 are based on total revenues available for expenses and debt service minus Operating Expenses divided by Total Debt Service. It is projected that debt service coverage will be equal to, or greater than, the minimum requirement of 1.15 throughout the Projection Period. All projections are presented on a preliminary basis and are subject to change. This conclusion assumes the following: the Board adopts the projected rate increases described above, expenses are maintained at or below projected levels, and the future declines in customer usage are consistent with the assumed rate of decline. As noted earlier, the actual financial requirements and performance of the System may vary from the estimates presented herein, and such variations could be material. With regard to the figures presented in Table 11, the preliminary projections show that debt service coverage is maintained at approximately the minimum levels required by the Bond Resolution. Drescher & Malecki LLP recommends that the Board consider taking the actions necessary such that the debt service coverage and surplus exceed the minimum requirement of 1.15 throughout the Projection Period so that if adverse changes occur (e.g., a greater than assumed decline in customer usage), the Board will have some flexibility to address such changes.

Table 11 – Preliminary Projections of Cash Flows and Rates

Line		2011	2012	2013	2014
	Revenues				
1	Water and wastewater user payments	\$ 22,482,094	\$ 23,373,339	\$ 25,900,203	\$ 27,945,047
2	Interest earnings	602,172	541,955	487,760	438,984
3	Occidental payment	1,900,000	1,800,000	500,000	-
4	Total	<u>24,984,266</u>	<u>25,715,294</u>	<u>26,887,963</u>	<u>28,384,031</u>
	Operations and Maintenance Expenses				
5	Salaries and benefits	8,987,134	9,695,183	10,409,668	11,117,009
6	Chemicals / sludge	3,287,525	3,451,901	3,728,053	4,026,297
7	City services	72,100	74,263	74,263	74,263
8	Insurance / safety	437,750	450,883	450,883	450,883
9	Maintenance	999,038	1,029,009	1,029,009	1,029,009
10	Utilities	1,440,455	1,483,669	1,483,669	1,483,669
11	Other expenses	522,916	720,922	765,694	717,771
12	Authority / Board expenses	109,180	112,455	112,455	112,455
13	Total	<u>15,856,098</u>	<u>17,018,285</u>	<u>18,053,694</u>	<u>19,011,356</u>
14	Revenues available for debt service	<u>9,128,168</u>	<u>8,697,009</u>	<u>8,834,269</u>	<u>9,372,675</u>
	Debt Service				
15	Debt service on outstanding bonds	7,059,969	7,061,992	7,061,360	7,064,037
16	Debt service on future EFC loans	-	385,000	378,400	378,400
17	Debt service on future Authority bonds	-	-	-	678,400
18	Total	<u>7,059,969</u>	<u>7,446,992</u>	<u>7,439,760</u>	<u>8,120,837</u>
19	PILOT payment to City	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
20	Surplus (line 14 - line 18 - line 19)	<u>\$ 1,368,199</u>	<u>\$ 550,017</u>	<u>\$ 694,509</u>	<u>\$ 551,838</u>
21	Debt Service Coverage	<u>1.29</u>	<u>1.17</u>	<u>1.19</u>	<u>1.15</u>
	Rate Increase	0.0%	5.0%	11.0%	10.0%

Notes:

- 1) Projected cash flow and rates above are subject to change.
- 2) Significant increases in 2013 and 2014 are due, in large part, to the decline in Occidental payments.

Water Sales by Customer Class

Table 12 illustrates the water consumption by customer class for each of the last four years.

Table 12 – Water Consumption by Customer Class

	2007	2008	2009	2010
District 1 - Residential				
1st billing	113,574	110,953	99,979	112,319
2nd billing	117,723	119,113	113,626	123,574
3rd billing	117,512	118,284	115,208	118,964
4th billing	<u>131,168</u>	<u>123,273</u>	<u>112,427</u>	<u>135,030</u>
Total	<u>479,977</u>	<u>471,623</u>	<u>441,240</u>	<u>489,887</u>
District 2 - Residential				
1st billing	135,803	136,020	117,149	140,746
2nd billing	137,431	127,049	128,000	121,547
3rd billing	154,364	148,148	142,253	155,795
4th billing	<u>152,573</u>	<u>145,911</u>	<u>140,931</u>	<u>138,602</u>
Total	<u>580,171</u>	<u>557,128</u>	<u>528,333</u>	<u>556,690</u>
District 3 - Residential				
1st billing	95,647	101,750	91,186	92,321
2nd billing	90,247	80,900	85,555	90,540
3rd billing	111,904	105,743	116,190	103,323
4th billing	<u>104,212</u>	<u>92,352</u>	<u>90,059</u>	<u>90,569</u>
Total	<u>402,010</u>	<u>380,745</u>	<u>382,990</u>	<u>376,753</u>
District - Industrial				
1st billing	265,495	237,383	167,002	149,038
2nd billing	194,754	205,213	189,553	123,392
3rd billing	246,523	219,887	200,667	163,025
4th billing	<u>315,330</u>	<u>293,529</u>	<u>301,513</u>	<u>244,715</u>
Total	<u>1,022,102</u>	<u>956,012</u>	<u>858,735</u>	<u>680,170</u>
District - SIU				
1st billing	382,118	250,269	195,377	161,720
2nd billing	343,039	290,671	269,566	192,746
3rd billing	287,183	302,672	186,243	163,554
4th billing	<u>287,063</u>	<u>366,565</u>	<u>232,355</u>	<u>168,159</u>
Total	<u>1,299,403</u>	<u>1,210,177</u>	<u>883,541</u>	<u>686,179</u>
District - NR				
1st billing	806	855	740	1,350
2nd billing	780	895	933	1,315
3rd billing	983	948	1,032	1,350
4th billing	<u>1,055</u>	<u>906</u>	<u>1,098</u>	<u>1,463</u>
Total	<u>3,624</u>	<u>3,604</u>	<u>3,803</u>	<u>5,478</u>
Grand Total ccf	3,787,287	3,579,289	3,098,642	2,795,157
% Change from Prior Year	-1.17%	-5.49%	-13.43%	-9.79%

Water sales to customers declined by 10.6% from 2003 through 2006. In 2007 through 2010, the annual demand for water decreased by approximately 1.2%, 5.5%, 13.4%, and 9.8%, respectively. Part of the decline in 2007 and 2008 was attributable to the closure of Ferro Industries. However, the facilities of the former Ferro Industries have resumed operation in 2010 as Tam Ceramics, thereby resuming water use. The majority of the decline in 2009 was due to a change in water use by one large industrial user; instead of relying on water from the Board, the industry now draws water for its industrial processes from alternate sources. The industry is still a wastewater customer of the Board. Year-to-date consumption in 2011 is somewhat higher than for the same period in 2010, but there is insufficient data to determine whether overall consumption in 2011 will be higher or lower than expected. Year-to-date billing amounts to customers are also somewhat higher than for the same period in 2010 but again there is insufficient data to determine whether overall billings in 2011 will be higher or lower than expected. The Board is conducting inspections of the meters of large users to assess whether there are any meter malfunctions that may be resulting in an under-recording of actual usage.

During 2011, the Board has entered into an agreement for the sale of water and treatment of wastewater with Greenpac Mill LLC. The Board is guaranteed significant minimum usage for both water and wastewater services per the agreement, both of which will have a positive impact on revenues.

The ten largest water customers and wastewater customers are listed in Table 12A below.

Table 12A – Ten Largest Water and Wastewater Customers

	Name	12/31/2010 Revenue	% of Total	4/30/2011 YTD Revenue
1	E. I. DuPont #7	\$ 1,461,435	25.56%	\$ 353,562
2	Norampac #50	953,214	16.67%	222,980
3	Occidental Chemical #22	763,565	13.36%	211,230
4	Allied Waste Systems	545,740	9.55%	128,965
5	NF Memorial Medical Center	426,194	7.45%	69,910
6	Seneca Niagara Casino	405,308	7.09%	97,860
7	Niacet #17	365,612	6.39%	81,988
8	Durez Corporation #56	294,709	5.15%	71,858
9	Goodyear Chemical #15	256,474	4.49%	67,114
10	Covanta #32	245,077	4.29%	69,169
		<u>\$ 5,717,328</u>	100.00%	<u>\$ 1,374,636</u>

Rates for Water Service and Wastewater Service

The rates for water service and wastewater service in 2011 for both customers within and outside the City have remained unchanged from the rates charged in 2010. The Board provides wastewater service to Town of Niagara customers outside of the City. The Board is currently negotiating with the Town of Niagara to continue to take wastewater from the Town customers. In addition, the Board is aggressively pursuing water theft and the potential under-recording of water use to ensure that every customer pays their fair share. This includes timely investigation of low or zero meter readings and meter replacement scheduled to occur in 2012, 2013, and 2014. Water and wastewater rates for 2010 and 2009 are provided in the financial statements of the Board for the year ended December 31, 2010 and are not repeated here. The consumption-related water rates of the Board for 2011 are shown in Table 12B below. Historical rate increases for water and wastewater customers are presented in Table 13 that follows.

Table 12B – 2011 Rates for Water Customers

	Inside City (\$/ccf)	Outside City (\$/ccf)
First 20,000 CF	2.85	7.62
Next 60,000 CF	2.47	6.65
Next 120,000 CF	2.09	5.54
> 200,000 CF	1.73	4.66

Table 13 – Historical Percentage Increases in Rates for Water and Wastewater Customers

2005	2006	2007	2008	2009	2010	2011
9.6%	5.4%	5.6%	4.9%	0.0%	2.0%	0.0%

The rate structure for sewer service consolidates all consumers into two classes: Significant Industrial Users (SIU), and Commercial, Small Industrial, and Residential Users (CSIRU). The user charge system includes ten Substance of Concern charges that are assessed exclusively within the SIU class.

The 2011 wastewater user charges for the CSIRU class of customers are summarized in Table 14.

Table 14 – 2011 Wastewater Rates for CSIRU Customers

<u>Minimum Charge</u>	<u>Volume Charge</u>
All meter sizes and flow up to 1,300 cf \$46.45	Usage in excess of 1,300 cf per quarter (per 100 cf) \$3.79

Three of the wastewater user charges for the SIU class of customers in 2011 are summarized in Table 15.

Table 15 – Wastewater Rates & Charges for SIU Customers

Charge (\$/MG)	Charge (\$/lb)	Charge (\$/lb)
2,678	0.89	1.53

Interest Earnings

The System will earn interest on the funds maintained by the Board and the Authority. Based on the anticipated balances in each fund and the current investment rates, Table 16 presents the estimated interest earnings for 2011.

Table 16 – Estimated Interest Earnings - 2011

Fund	Average End of Month Balance	Interest Earnings Rate	Estimated Annual Earnings
Debt Service Reserve Fund	\$ 7,900,000	0.30%	\$ 23,700
Debt Service Fund	3,532,167	0.30%	10,597
Construction Fund	3,000,000	0.30%	9,000
O&M Reserve Fund	2,725,000	0.30%	8,175
NYPA Payment	19,500,000	0.30%	58,500
Working Capital	4,000,000	0.30%	12,000
			<u>\$ 121,972</u>

Interest earnings rates are much lower than historical rates. This situation is affecting the revenue of water utilities across the country.

System Operating Expenses

The System’s expenses include the costs associated with the operation, maintenance and administration of the water treatment facilities and distribution system, as well as the costs associated with the operations of the wastewater collection and treatment facilities and stormwater facilities. The principal components of operating expenses other than labor as projected for 2011 are shown in Table 17.

Table 17 – Major Components of Expenses Other Than Labor - 2011

Item	Amount
Chemicals	\$ 2,684,976
Utilities	1,398,500
City Services	75,000
Sludge Disposal	446,000
Insurance / Claims	453,584

The Board completed a competitive assessment of its operations and initiated the implementation of significant operational changes to improve the efficiency and effectiveness of its operations. Some cost savings from these initiatives were realized in 2009 and 2010; additional savings are expected in 2011 and in future years.

ECONOMIC AND DEMOGRAPHIC DATA

The following information was provided by other sources and provides updated information regarding the Board's Service Area. Since the Service Area consists primarily of the City of Niagara Falls, the information is limited to that portion of the Service Area that is within the boundaries of the City.

Major Employers in Niagara Falls Area

City / County	Employer	Employees
County	Niagara Falls Air Reserve Station	2,787
City	Seneca Niagara Casino and Hotel	2,460
County	Niagara County	1,554
County	Fashion Outlets of Niagara	1,434
County	GM Components Holdings	1,350
City	Niagara Falls City School District	1,245
City	Niagara Falls Memorial Medical Center	894
County	Eastern Niagara Health System	989
County	Mount St. Mary's Hospital	860
City	St. Gobain Ceramics and Plastics	852
County	Lockport City School District	728
County	Niagara County Community College	713
County	Dupont De Nemours E I & Co	650
County	Niagara University	650

Source: Niagara County Center for Economic Development

Civilian Labor Force – Annual Average

	2006	2007	2008	2009	2010
City	24.0	23.7	24.2	24.1	24.0
County	112.0	111.6	113.7	113.5	112.3
State	9,499.9	9,546.0	9,654.0	9,677.6	9,661.3

Source: New York State Department of Labor, Bureau of Labor Statistics

Yearly Average Unemployment Rates

Year	City	County	State
2006	6.8%	5.5%	4.6%
2007	6.8%	5.4%	4.5%
2008	8.5%	6.7%	5.3%
2009	11.4%	9.5%	8.4%
2010	11.5%	9.1%	8.6%

Source: New York State Department of Labor, Bureau of Labor Statistics

Monthly Unemployment Rates

Month	City	County	State
June, 2010	11.3%	8.1%	8.2%
July	11.2%	8.5%	8.4%
August	10.3%	8.1%	8.2%
September	0.1%	7.7%	8.0%
October	10.2%	7.8%	8.0%
November	11.0%	8.5%	8.1%
December	0.1%	9.0%	8.8%
January, 2011	12.4%	10.1%	8.9%
February	11.6%	9.6%	8.7%
March	10.9%	9.0%	8.0%
April	10.2%	8.2%	7.6%
May			7.8%

Source: New York State Department of Labor, Bureau of Labor Statistic, Information not seasonally adjusted.

Comparative Housing, Income and Population Data

	City	State	U.S.
Age Distribution:			
% under 5 years	6.4	6.5	6.8
% 20 to 64	54.2	59.7	58.9
% 65 and over	18.6	12.8	12.4
Median age	38.0	35.9	35.3
Person / Household	2.27	2.61	2.59
Housing:			
% owner occupied housing units	57.6	53.0	66.2
Median value housing (\$)	60,800	148,700	119,600
Median gross rent (\$)	436	672	602
% housing built 1990 - 2000	1.5	6.9	17.0
% housing built before 1939	37.2	31.2	15.0
% with 5 or more units in structure	15.3	35.3	25.1
Income:			
Per capita income (\$)	15,721	23,389	211,587
Median family income (\$)	34,377	51,691	50,046
% below poverty level	15.6	11.5	9.2

Source: Census of Population and Housing, U.S. Department of Commerce, Bureau of Census