

Continuing Disclosure Report

Introduction

This 2023 Continuing Disclosure Report, prepared in September 2023 (the “2023 CDR” or the “2023 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 Feasibility Report prepared in June 2013, included in the Official Statement for the 2013 Bonds (the “2013 Report”), the Feasibility Report prepared in November 2016, included in the Official Statement for the 2016 Bonds (the “2016 Report”), the Feasibility Report prepared in March 2022, included in the Official Statement for the 2022 Bonds (the “2022 Report”), the 2007 Continuing Disclosure Report prepared in June 2007, the 2008 Continuing Disclosure Report prepared in June 2008, the 2009 Continuing Disclosure Report prepared in July 2009, the 2010 Continuing Disclosure Report prepared in July 2010, the 2011 Continuing Disclosure Report prepared in June 2011, the 2012 Continuing Disclosure Report prepared in June 2012, the 2014 Continuing Disclosure Report prepared in July 2014, the 2015 Continuing Disclosure Report prepared in July 2015, the 2016 Continuing Disclosure Report prepared in July 2016, the 2017 Continuing Disclosure Report prepared in September 2017, the 2018 Continuing Disclosure Report prepared in September 2018, the 2019 Continuing Disclosure Report prepared in September 2019, the 2020 Continuing Disclosure Report prepared in September 2020, the 2021 Continuing Disclosure Report prepared in September 2021, and the 2022 Continuing Disclosure Report prepared in September 2022, collectively referred to as the “Prior Reports”. Except where noted, the table numbers and titles used in the 2023 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 2023 CDR. Throughout the 2023 CDR, references are made to the Water, Wastewater and Stormwater System of the Board (the “System”) which serves the City of Niagara Falls, NY (the “City”) and provides water service to small portions of adjacent communities.

Board and Authority Members

Mr. Nicholas J. Forster became the Chairman of the Board in March 2021. Other members of the Board include Ms. Colleen Larkin, Ms. Gretchen Leffler, Ms. Renae Kimble and Mr. Michael Asklar.

Mr. Jason Murgia is the Chairperson of the Authority (having previously been a member of the Authority). Mr. Daniel Weiss is the Vice Chairman of the Authority, and Mr. Michael Monaco is its third member.

Organization and Staff of the Board

Dr. Abderrahman Zehraoui served as Executive Director of the Niagara Falls Water Board from June 2021 until his resignation on September 8, 2023. He had more than 25 years of water/wastewater treatment system experience and holds a Philosophical Doctorate (Ph.D) degree in Environmental Engineering from University of Cincinnati, a Masters of Sciences degree in Management of Complex Systems from Pavia University (Pavia, Italy) as well as Bachelor of Science degree from University Mohammed V (Rabat, Morocco). Prior to his appointment as Executive Director, Dr. Zehraoui served as the Director of Utilities at the City of East Chicago, IN. Effective on Dr. Zehraoui’s resignation, the Water Board appointed Michael S. Eagler, Sr., to serve as Acting Executive Director. Mr. Eagler’s permanent position is Chief of Outside Infrastructure, and he has been with the Water Board for over 13 years, with progressive management experience in a number of roles. The Water Board is recruiting a permanent Executive Director through local/national employment resources and water and wastewater industry trade groups. As of September 22, 2023, it has received 68 applications, conducted 9 screening interviews, and three candidates are scheduled for in-person interviews.

The table presented below illustrates the staffing levels for the System as of June 30, 2023.

Table 1 – System Staffing

	<u>Staff Positions *</u>
Water Facilities Division	35.0
Wastewater Facilities Division	<u>52.0</u>
Total System	<u><u>87.0</u></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 certain support services provided by the City. For example, the Board installed a new financial management system and began billing customer accounts during 2008. The City continues to work with the Board, including

in providing collection services for accounts and tax collection services. Under the terms of the agreement, the Board will pay the City approximately \$100,000 per year for the services it receives.

Water Treatment

The average daily output from the Board’s water treatment plant for 2019 through 2022 is shown in the following table.

Table 2 – Average Daily Production of Treated Water

<u>Year</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Flow (MGD)	21.53	22.57	21.26	19.82

Water Distribution System

The distribution system consists of approximately 260 miles of various diameter water mains, 2,287 fire hydrants, over 5,000 valves, two elevated water storage tanks and over 19,000 metered services. The distribution system is a single pressure system. The Water System services the City and several “out-of-town” customers adjoining the City. The Water System also has two major inter-municipal interconnections with the Niagara County Water District that allow for the purchase/sale of water in either direction for emergency or shut down maintenance events.

Treated water is pumped from the water treatment plant to the Water System’s 260 miles of pipe and also to the 56th Street elevated water storage tank that has a capacity of 2 million gallons (“mg”). The elevated tank provides added reliability to the Water System, as it will transparently pick up full system demand if the high-lift pump station is shutdown. A second 2 mg elevated storage tank at Beech Avenue is currently shut down and isolated from the Water System. Demolition and replacement of the Beech Avenue water tank is anticipated and the Board is seeking grant funding to offset the cost of that project. The Beech Avenue water tank is being used to generate revenues through the lease of space for cellular antennas. The water distribution system utilizes various materials of construction including lined and unlined cast or ductile iron, polyvinyl chloride (PVC), reinforced concrete pressure pipe (RCPP), and high density polyethylene (HDPE) varying in size from 6 inch to 30 inch.

The following tables provide information on the water mains and the approximate age of the pipes comprising the water distribution system:

Table 3 – Water Distribution System Piping

<u>Water Main</u>	<u>Material Type</u>	<u>Length (ft)</u>
6-inch	PVC	1,500
8-inch	PVC	2,610
10-inch	PVC	700
12-inch	Asbestos Cement	5,500
20-inch	Cast/Ductile Iron	7,800
24-inch	RCPP	5,600
30-inch	RCPP	13,370
36-inch	RCPP	16,810
42-inch	RCPP	7,850
2-inch	Cast/Ductile Iron	700
4-inch	Cast/Ductile Iron	95,030
6-inch	Cast/Ductile Iron	596,540
8-inch	Cast/Ductile Iron	239,680
10-inch	Cast/Ductile Iron	121,455
12-inch	Cast/Ductile Iron	102,045
14-inch	HDPE	6,540
16-inch	Cast/Ductile Iron	59,660
20-inch	Cast/Ductile Iron	46,730
24-inch	Cast/Ductile Iron	26,230
30-inch	Cast/Ductile Iron	<u>9,060</u>
	Total	1,365,410

**Table 4 – Niagara Falls Water Distribution System
Approximate Age of Pipe**

Age	Feet	Percent
1890-1910	65,802	5%
1911-1930	515,179	38%
1931-1950	288,940	21%
1951-1970	251,682	18%
1971-1990	144,121	11%
1991-2021	101,772	7%
Total	1,367,496	100%

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 66% percent or more of treated water for the last five years, a percentage that is higher than typical industry averages. This percentage has been relatively the same since 2018 though efforts to identify and to repair leaks and to test, calibrate, and replace large meters over the past three years appear to have had modest success, and the percentage of unbilled water is trending downward, lower in 2022 than in any of the preceding four years. The table presented below shows the average percentages of unbilled water by year.

Table 5 – Unbilled Water

Year	Percent of Treated Water
2018	68%
2019	71%
2020	72%
2021	68%
2022	66%

The marginal cost to the Board of treating and pumping water that is not sold is relatively low; mostly the cost of treatment chemicals and electricity, as other fixed costs of production such as personnel, treatment facilities, and distribution piping may be attributed to the billed water and are not increased to provide the unsold water. Notwithstanding the absence of a significant cost

incentive, the CIP for the Water System is focused primarily on improvements to the distribution system that will maintain system reliability and, over time, together with the increased focus on identifying lost water, should result in a decline in unaccounted-for water. In 2012, and 2013 through 2015 the Board embarked on an aggressive meter replacement program. In 2012 a pilot study was performed that included replacement of 450 meters. In 2013 through 2015, 16,000 residential and commercial meters have been replaced. The new meters are auto-read (drive by), which will reduce labor necessary to obtain meter readings and free up personnel for more important tasks. The objective of the meter replacement program is to improve the accuracy of the water meters as metered water use is the means by which revenue is generated. Based on the experiences of other water utilities in similar situations, the implementation of these programs should lead to a reduction in unaccounted-for water.

To improve the water distribution system, the NFWB has undertaken a program to map and hydraulically model the existing water distribution system. The hydraulic model is being used to identify areas where water pressure is insufficient and to plan for future upgrades to the distribution system. Additionally, in 2017, the NFWB identified out-of-service fire hydrants as a major issue, and an aggressive program has been undertaken by the NFWB to repair or replace all out-of-service fire hydrants. The objective was to return all fire hydrants to a fully functional status, and having accomplished that goal in 2019, repairs/replacements now focus on hydrants that either are newly damaged or that are older models which are nearing the end of their useful service life. Many of these hydrants that are being replaced were also a source of water leakage. The system includes 2,236 fire hydrants. Since 2018, fire hydrants repair/replacements have been as follows:

	<u>Replaced</u>	<u>Repaired</u>
2018	91	36
2019	58	34
2020	100	21
2021	68	38
2022	41	44
2023*	44	29

* As of August 31, 2023.

Water System Staffing

The table on the following page illustrates the number of personnel in each of the seven (7) sections of the Water System as of June 30, 2023.

Table 6 – Water System Staffing

<u>Section</u>	<u>Staff Positions</u>
Laboratory	3.0
Information Technology	2.0
Engineering	3.0
Purification Operations	7.0
Inside Water Maintenance	6.0
Outside Water Maintenance	10.0
Meter Shop	<u>4.0</u>
Total Water System Staff	<u><u>35.0</u></u>

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 7 – Average Daily Wastewater Volume Treated

<u>Year</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Flow (MGD)	26.78	24.10	24.24	23.54

Wastewater Facilities

The facilities of the Wastewater System include a wastewater treatment plant (“WWTP”), 8 pumping stations, over 255 miles of combined and separate sanitary sewer lines and 6 combined sewer overflow points. The Wastewater System uses a collection system of lateral, collection and trunk sewers that convey wastewater to the WWTP. The majority of the service area utilizes combined sewers that carry both wastewater and storm water in one pipe. Pipe sizes range from 8 inches to 72 inches in diameter. The Wastewater System also includes approximately 15 miles of large conveyance structures ranging in size from 36 inches to 32 feet in diameter (tunnels).

The eastern portion of the City has a separated sanitary system and storm sewer system. This portion of the Wastewater System uses pumps to alleviate sanitary sewer overflows that occur during certain wet weather events. This procedure complies with the terms of the Board’s permit from the DEC. The pumping stations of the Board are listed in the table presented below.

Table 8 – Pump Station and Bypass Station Capacities

<u>Lift Station</u>	<u>Location</u>	<u>Approximate Capacity (MGD)</u>
Gorge	Gorge Pump Station Site	19.5
LS-1	Stephenson & 81st Streets	4.3
LS-2	Griffon Avenue	1.0
LS-3	Buffalo Avenue & 56th Street	1.7
LS-4	91st Street & Luick Avenue	1.7
LS-6	81st Street & Frontier Avenue	4.3
LS-7	Boiler Avenue & Military Road	0.8
LS-8	101st Street	1.0
BPS-1	Cayuga Drive & South Military Road	2.9
BPS-2	West Rivershore Drive	1.0

Like most urban systems of its age with combined storm water and sanitary sewer systems, the Wastewater System has incurred problems with infiltration whereby storm water and ground water enter the pipes devoted to wastewater. This has resulted in added treatment expense.

Like the Water System, the Wastewater System obtains low-cost hydropower from National Grid, which is made available through NYPA. In the case of the Wastewater System, this amounts to approximately 1.6 megawatts per year.

Wastewater System Staffing

The table presented below illustrates the number of personnel in each of the six (6) sections of the Wastewater System as of June 30, 2023:

Table 9 – Wastewater System Staffing

<u>Section</u>	<u>Staff Positions</u>
Monitoring and Compliance	5.0
Analytical Services	3.0
Sewer Collection System Maintenance (1)	11.0
Administrative / Technical	1.0
Plant Operations	17.0
Plant Maintenance	15.0
Total Wastewater System Staff	52.0

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.

Wastewater System Customer Base

The Wastewater System serves the City and, through a mutual services agreement, limited portions of the Town of Niagara. The Wastewater System serves a population of approximately 47,136 according to the 2020 U.S. Census. The table below shows consumption and revenue information by category of customer.

Table 10 – Wastewater Demand, Revenue and Account Information by Customer Class

<u>Class of Customer</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Residential/Commercial					
Consumption (CCF)	1,299,934	1,252,451	1,236,314	1,240,942	1,237,586
Number of Accounts	17,917	17,918	17,920	17,880	17,811
Revenues	\$ 6,693,730	\$ 6,613,490	\$ 6,631,300	\$ 6,876,161	\$ 8,006,756
Industrial					
Consumption (CCF)	926,684	912,621	887,571	966,867	930,581
Number of Accounts	245	244	258	256	255
Revenues	\$ 4,197,516	\$ 3,879,443	\$ 3,165,994	\$ 3,752,812	\$ 4,251,287
Significant Industrial Users (SIU)					
Consumption (CCF)	876,822	890,139	930,712	1,115,955	1,090,861
Number of Accounts	24	23	23	23	23
Revenues	\$ 8,379,467	\$ 7,917,883	\$ 10,811,521	\$ 12,733,281	\$ 11,709,705
Total					
Consumption (CCF)	3,103,440	3,055,211	3,054,597	3,323,764	3,259,028
Number of Accounts	18,186	18,185	18,201	18,159	18,089
Revenues	\$ 19,270,713	\$ 18,410,816	\$ 20,608,815	\$ 23,362,254	\$ 23,967,748
Plus: Other Departmental Revenues	1,188,385	1,374,123	396,687	942,727	590,863
Less: Adjustments	(44,948)	-	-	-	-
Total Departmental Revenue	<u>20,414,150</u>	<u>19,784,939</u>	<u>21,005,502</u>	<u>24,304,981</u>	<u>24,558,611</u>

Preliminary Capital Improvement Program (CIP)

The Board and the Authority have the responsibility to adopt and implement the CIP for the System. Table 11 presents the CIP for the System for 2023 through 2027. The CIP is updated periodically. The updated CIP as presented herein was most recently updated by the executive staff as of August 31, 2023 and is a work-in-progress from the formal CIP approved by the Board on February 28, 2022.

Table 11 – Capital Improvement Plan (“CIP”)

Description	2023	2024	2025	2026	2027	Total
COMBINED PROJECTS (WATER AND WASTEWATER)						
IT Plan Implementation	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$150,000
Meter Replacement & Upgrades	70,000	70,000	70,000	70,000	70,000	350,000
Fleet Replacement	80,000	80,000	80,000	80,000	80,000	400,000
Water/sewer GIS/GPS Mapping	5,000	5,000	5,000	5,000	5,000	25,000
Combined Projects - Miscellaneous	100,000	100,000	100,000	100,000	100,000	500,000
WASTEWATER INFRASTRUCTURE PROJECTS						
WWTP Rehab Phase 4A	2,500,000	1,000,000	-	-	-	3,500,000
WWTP Rehab Phase 4C	250,000	750,000	-	-	-	1,000,000
WWTP Rehab Phase 4E	750,000	750,000	-	-	-	1,500,000
WWTP SCADA Improvements	100,000	50,000	-	-	-	150,000
WWTP Roof Repairs	-	250,000	250,000	-	-	500,000
WWTP Chemical Bulk Storage	150,000	300,000	-	-	-	450,000
WWTP Structural / Masonry Repairs	-	425,000	425,000	-	-	850,000
WWTP Building and Site Projects	750,000	750,000	750,000	750,000	750,000	3,750,000
WWTP Infrastructure Projects - Miscellaneous	200,000	200,000	200,000	200,000	200,000	1,000,000
WASTEWATER INFRASTRUCTURE PROJECTS						
Lasalle Area Sewer Improvements (SSO)	130,000	300,000	300,000	300,000	-	1,030,000
Sewer /GPA Infrastructure Projects - Miscellaneous	100,000	100,000	100,000	100,000	100,000	500,000
WATER TREATMENT PLANT INFRASTRUCTURE PROJECTS						
WTP Pump and Piping Replacements	100,000	30,000	30,000	30,000	30,000	220,000
WTP SCADA Control System Upgrades	-	250,000	250,000	-	-	500,000
WTP Security Upgrades	25,000	25,000	-	-	-	50,000
WTP Building Improvements and Caulking	500,000	50,000	50,000	50,000	50,000	700,000
WTP Roofing Work	500,000	500,000	500,000	-	-	1,500,000
WTP Chlorine System Upgrades	100,000	400,000	-	-	-	500,000
WTP Emergency Backup Generator Upgrades	250,000	250,000	-	-	-	500,000
WTP Fluoride System Upgrades	50,000	200,000	200,000	-	-	450,000
WTP Infrastructure Projects	200,000	200,000	200,000	200,000	200,000	1,000,000

(continued)

(concluded)

Description	2023	2024	2025	2026	2027	Total
WATER INFRASTRUCTURE PROJECTS						
10th Street and Michigan Avenue Mains	-	415,000	415,000	-	-	830,000
18th Street Main - Ontario Avenue to Whitney Avenue	550,000	-	-	-	-	550,000
77th Street Main - Stephenson Ave to Niagara Falls	-	550,000	550,000	-	-	1,100,000
80th Street - Niagara Falls Blvd. to Rick Manning Drive	-	-	300,000	-	-	300,000
Laughlin Drive Main - 82nd Street to Bollier Ave	-	232,500	697,500	-	-	930,000
McKoon Avenue Main - DeVeaux Ave to James Ave	-	-	440,000	440,000	-	880,000
Military Road Main - Jacob Place to Bollier Avenue	200,000	-	-	-	-	200,000
Ontario Avenue Main - 13th Street to Main Street	-	-	440,000	440,000	-	880,000
Van Rensselaer Ave - 900 Block	-	150,000	-	-	-	150,000
West Rivershore Drive	125,000	375,000	-	-	-	500,000
Large Valve Replacement	200,000	200,000	200,000	200,000	200,000	1,000,000
Hydrant Replacement	170,000	170,000	170,000	170,000	170,000	850,000
20 inch main from Beach Ave. Storage Tank to Ontario St	-	500,000	1,000,000	500,000	-	2,000,000
Leak Detection/Distribution Modeling	-	50,000	-	-	-	50,000
Witkop Avenue and 85th Street Loop (all 8")	-	420,000	420,000	-	-	840,000
Water Infrastructure Projects - Miscellaneous	120,000	120,000	120,000	120,000	120,000	600,000
Total	\$8,305,000	\$10,247,500	\$8,292,500	\$3,785,000	\$2,105,000	\$32,735,000

On a System-wide basis, the CIP includes provisions for the implementation of new technology which is primarily focused on the monitoring and control of water and wastewater facilities. Such technology will enable Board personnel to continue to attempt to operate more efficiently and effectively. The past improvements have allowed for some significant reductions in personnel.

The NFWB is also currently proceeding with various Capital Improvements at the 1201 Buffalo Ave. Wastewater Treatment Plan (WWTP). The improvements are in response to the Order on Consent, entered with the NYDEC in 2017. Work is funded through a combination of grants and low interest loans administered by the NYS Environmental Facilities Corporation (EFC). Capital improvements at the WWTP will continue to constitute a large share of short-term budgeted funds for 2023 through 2025. However, the aforementioned capital expenditures are reimbursed at 50% with the remaining expenses converted to long term low interest loans. On the following page is a comprehensive list of the current Capital Improvements Projects and status to date.

- **Capital Project #1 Sedimentation Basin Upgrades**
 - Design and bidding phases have concluded.
 - Demolition and improvements of the scum building and sedimentation basins #4 and #5 have been basically completed.
 - Currently, sedimentation basin #3 work is ongoing.
 - There have been some ongoing change orders that have slowed the progress of the work.
 - Construction completion is currently anticipated for November 2024.

 - **Capital Project #2 Gorge Pump Station Improvements**
 - Design and bidding phases have concluded.
 - Replacement of existing pumps, channel grinders, and various ancillary components within the Gorge Pump Station have been completed.
 - The project was closed out by the end of March 2023.

 - **Capital Project #3 Screenings and Grit Conveyance Improvements**
 - Design and bidding phases have concluded.
 - Currently construction is nearly completed to the improvements to the existing screening, grit, and polymer systems.
 - Belt filter press improvements will further extend the project completion date.
 - Construction completion is currently anticipated extending into 2024.

 - **Capital Project #4 Activated Carbon Filter Media Replacement**
 - Replacement of activated carbon and gravel underdrain media within various filter beds prioritized on the basis of age and filter efficiency.
 - Design, bidding, and construction phases have concluded.

 - **Capital Project #5 Electrical System Improvements.**
 - Design has been completed for the replacement and/or upgrade of various high voltage electrical components integral to the operability of the Wastewater Treatment Plant and electrical improvements through multiple phases.
 - Next phase of design and construction is currently anticipated to begin in September of 2023 that includes the replacement of power center no. 2 and no. 5 transformers.
 - Construction completion is currently anticipated for November 2024.

 - **Capital Project #6 Chemical Treatment System Optimization.**
 - Project included improvements to improve operational efficiency of existing chlorination system, including pumping, distribution, and monitoring.
 - Design, bidding and construction phases have concluded on Phase 1 work.
 - Design work began in August 2023 for Phase 2 work that includes replacement of sodium hypochlorite tank no. 2016, chemical feed pumps and controls.
 - Construction is anticipated to be completed in Spring 2024.
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- **Capital Project #7 Heating and Ventilation System Upgrades.**
 - Design and bidding phases have concluded.
 - Construction has concluded including improvements to the existing heating and ventilation system throughout the Wastewater Treatment Plant. Improvements replace failing equipment that has deteriorated due to the harsh operating environment.
 - Construction was completed by the end of June 2023.

- **Capital Project #8 Replacement of Air Scour Blower.**
 - Project included repair and/or replacement of air scour blower equipment associated with the carbon filter bed system.
 - Design, bidding, and construction phases have concluded.

- **Capital Project #9 Plant Waterline and Process Piping Replacement.**
 - Project included replacement of sections of failing process piping and ancillary equipment throughout the Wastewater Treatment Plant.
 - Design, bidding, and construction phases have concluded.

- **Capital Project #10 SCADA Improvements**
 - Bidding phase has concluded.
 - Design and construction phase has been underway with ongoing capital projects.
 - Construction completion is currently anticipated for November 2024.

- **Capital Project #11 Exterior Piping Improvements**
 - Design and bidding phase has concluded.
 - Construction phase is currently underway with ongoing capital projects.
 - Construction was completed in Spring 2023.

- **Capital Project #12 Intermediate Pumps Assessment**
 - Study phase has been completed.
 - Design report was received in January 2023.
 - RFP for engineering design, bidding and construction services may be issued, after maintenance work is completed on the 42” suction piping from the wet well to intermediate pump no. 1. This maintenance work will be necessary and critical to complete, if the (4) intermediate pumps are to be fully replaced in the future.
 - Construction is currently anticipated within the next 2 years.

In addition the NFWB has recently embarked on a number of initiatives including the following:

- The NFWB has recently leased 10 new vehicles. The vehicles are more energy efficient and include two hybrids. As a result, the age of the fleet went from an average age of 12 years old to 7 years old. Over the five-year lease the NFWB is projected to save \$300,000.
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- The NFWB has established a hydrant truck which routinely tests fire flows and performs hydrant maintenance. The initiative will improve the reliability of the NFWB's hydrant system.
- The NFWB has implemented a 3-D scanning project to scan existing facilities at the wastewater treatment plants. The initiative will save money in engineering design projects, provide accurate measurements for existing facilities, will be used in employee training programs.
- The wastewater treatment plant replaced entrance gates for improved security.
- A professional development program has been financed which will include leadership training, state certified operator license training, and provide access to up-to-date training materials.

In the Water Distribution System, the CIP is focused primarily on distribution system improvements to enhance overall water quality, system reliability and reduce water loss, including a water main, hydrant and large valve replacement programs. In addition, the meter replacement program has become an important part of reducing the cost of reading meters and replacement of older faulty meters. The City of Niagara assists with providing design, contract administration and inspection services on both projects.

The CIP also includes funds for specific water distribution main replacement projects, continued replacement of large valves, continued leak detection & distribution system modeling to reduce leakage rates, and funding for unplanned system repairs. The specific areas identified for replacement have been prioritized based on factors such as the history of main breaks, known areas of leakage, the need to upgrade the size or materials of the main and other factors. The 18th Street Main (Ontario Avenue to Whitney Avenue) was a high priority project that was awarded in June of 2022 with construction started in the spring of 2023. The Whitney Avenue watermain replacement project was bid out in May of 2023 but was not awarded due to the bid amount being well over budgeted costs. The 77th Street and West Rivershore watermain replacement projects have been under design and will be put out to bid in the near future. The NFWB continues to prioritize and assess the water distribution system to determine which mains need to be replaced. The continued implementation of a water main replacement program should, over time, reduce the level of unaccounted-for water in the Water System.

The NFWB also continues to prioritize and access the LaSalle area sewer system improvements in response to the Order on Consent, entered with the NYDEC in 2008.

In the opinion of management, the CIP is reasonable and will help ensure that quality water and wastewater services are provided to customers in a reliable manner. There continue to be unanswered questions regarding the potential outcome of the 2015 Turbidity Study and the related 2017 Consent Order studies pertaining to alternative wastewater treatment processes. The WWTP's SPDES permit also is in the process of being renewed, potentially with tighter limits on certain effluent parameters. The studies on new SPDES permit requirements may result in the NFWB being required to construct additional WWTP improvements, and the NFWB believes it could meet current and foreseeable future permit requirements most efficiently by converting the

WWTP from the current physical-chemical treatment technology to a biological treatment process. The NFWB will seek external grants to undertake any major expenditure for plant upgrades or changing the treatment technology at the WWTP.

Sources and Uses of Funds

Table 12 shown below presents the anticipated sources and uses of funds for the CIP. The amounts shown are preliminary, pending policy decisions of the Board.

Table 12 – Sources and Use of Funds for the CIP

	2023	2024	2025	2026	2027
Opening balance, January 1:					
Remaining funds restricted for capital projects*	\$ 786,581	\$ 6,607,616	\$ 8,728,329	\$ 6,651,679	\$ 4,271,679
Sources of CIP funds:					
Prior year coverage	1,085,000	1,035,000	1,035,000	1,035,000	1,035,000
Grants	7,449,533	6,424,840	3,158,510	222,000	222,000
Matching funds**	5,591,502	4,908,373	2,022,340	148,000	148,000
Use of CIP funds:					
CIP spending (per Table 11)	<u>(8,305,000)</u>	<u>(10,247,500)</u>	<u>(8,292,500)</u>	<u>(3,785,000)</u>	<u>(2,105,000)</u>
Ending balance, December 31	<u>\$ 6,607,616</u>	<u>\$ 8,728,329</u>	<u>\$ 6,651,679</u>	<u>\$ 4,271,679</u>	<u>\$ 3,571,679</u>

* Represents debt proceeds (including NYPA) and annual contributions from operating funding coverage.

** Using available funds from operations for matching grant requirements.

It is anticipated that the cash requirements of the CIP for the 2023-2027 period will be met through 1) remaining funds currently on hand with the Board received from the New York Power Authority; 2) remaining funds on hand from cash surpluses from operations of the preceding years; and 3) interest on funds on hand whose use is restricted to capital improvements.

Outstanding Debt

The table below summarizes the outstanding bond issues and remaining principal amounts attributable to the System as of December 31, 2022.

Table 13 –Outstanding Debt

Debt Instrument	Principal Balance December 31, 2022
Niagara Falls Public Water Authority Bonds:	
Series 2022A Bonds	\$ 35,930,000
Series 2013B Bonds	1,475,000
Series 2016A Bonds	20,130,000
NYSEFC Water Revolving Funds Revenue Bonds:	
Series 2013B - Clean Water	8,805,000
Series 2013B - Drinking Water	2,370,000
Series 2014B - Drinking Water	3,170,000
Series 2012B - Clean Water	4,660,000
New York State Power Authority:	
Series 2019 Mortgage Loan	1,362,419
Total Amount	\$ 77,902,419

The outstanding debt decreased by \$2,579,744 from 2021 to 2022 as a result of the issuance of \$35,930,000 in refunding bonds, which refunded the 2013A bonds of \$34,120,000 and scheduled principal payments.

Historical Cash Flows and Debt Service Coverage

The Board acquired the System from the City in September 2003. The Board has now completed eighteen full years as the owner and operator of the System. A summary of the financial performance achieved during the years ending December 31, 2020, December 31, 2021, and December 31, 2022 is provided in Table 14 on the following page.

Table 14 –Historical Financial Performance

Line	Description	2020	2021	2022
1	Receipts from customers, users and grants	\$ 32,526,018	\$ 35,410,495	\$ 41,746,447
2	Interest earnings	644,697	445,245	357,879
3	Proceeds from sales of assets	<u>308,397</u>	<u>122,743</u>	<u>108,160</u>
4	Total cash receipts	33,479,112	35,978,483	42,212,486
5	Payments to employees	11,915,979	11,413,328	12,226,030
6	Payments to suppliers	<u>12,620,781</u>	<u>13,625,496</u>	<u>16,293,046</u>
7	Total operating expenses	24,536,760	25,038,824	28,519,076
8	Cash available for debt service (line 4 - line 7)	<u>8,942,352</u>	<u>10,939,659</u>	<u>13,693,410</u>
9	Interest payment	3,225,126	3,087,532	2,030,159
10	Principal payment	<u>4,332,897</u>	<u>4,485,326</u>	<u>4,449,598</u>
11	Total debt service	\$ 7,558,023	\$ 7,572,858	\$ 6,479,757
12	Surplus (line 8 - line 11)	\$ 1,384,329	\$ 3,366,801	\$ 7,213,653
13	Debt service coverage (line 8/line 11)	1.18	1.44	2.11

The preceding table has been prepared based on cash flow information presented in the annual financial statements of the Board. The financial statements of the Board for the years ended December 31, 2022, 2021 and 2020 were audited by the firm Bonadio & Co., LLP.

The results for the year ending December 31, 2020 indicate that the actual debt service coverage achieved by the Board was 118%, exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2021 indicate that the actual debt service coverage achieved by the Board was 144%, also exceeding the minimum requirement of 115% of debt service. The results for the year ending December 31, 2022 indicate that the actual debt service coverage achieved by the Board was 211%, also exceeding the minimum requirement of 115% of debt service.

In April 2017, the Board reached a settlement with the collective bargaining agreements of all four of its labor unions. The agreements resulted in substantial savings in healthcare costs for the Board while allowing employees and retirees to retain quality and affordable healthcare benefits.

Employees share a modest 20% of costs and the Board contributes to employee Health Savings Plans to help offset costs associated with a high deductible health plan. Without burden to rate payers, other cost-savings measures such as comprehensive training, professional development, and greater utilization of technology in daily operations are also being implemented. The Board will spearhead an aggressive and long term public relations campaign to better educate the public on future initiatives such as its aggressive pursuit of funds through the New York State Clean Water Infrastructure Act.

Billing and Collection

All but a limited number of water and sewer customers are billed quarterly based on actual or estimated meter reads. Significant industrial users are billed monthly based on two estimated months followed by an actual meter read in the third month.

Customers of the Board can pay their water and sewer bills online, at Bank on Buffalo, or to the City of Niagara Falls Billing and Collection Department at City Hall. All revenues, including those collected by the City, are put immediately into the Board's depository account of the Local Water Fund. The City collects on delinquent accounts and, in particular, any unpaid balances that remain as of November 21 of each year create a lien on the property and are added to the next year's City tax bill. These liens then become due and payable with the tax collection. The City collects the funds, reconciles the tax roll and water/sewer liens and disburses a check to the Board in July and the following January for the two collection periods. These amounts are reconciled to the Board's records for verification of the receipts.

Having completed a major meter replacement project covering virtually all residential and small commercial meters in 2015, the Board in 2021 and 2022 has emphasized testing, and where necessary replacement, of large industrial meters in order to capture revenue that could be lost if consumption is not accurately metered and billed.

Table 15 – Water and Sewer Billings and Cash Collections – Historical

2023 Continuing Disclosure Report**Niagara Falls Water Board**

<u>FYE 12/31</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Service Billings	\$ 30,512,619	\$ 29,973,753	\$ 31,874,002	\$ 34,048,559	\$ 35,969,824
Penalties	331,107	405,651	430,808	637,524	588,687
Invoice Adjustments	18,045	(67,164)	169,058	953,024	719,764
Total Billed	<u>\$ 30,861,771</u>	<u>\$ 30,312,240</u>	<u>\$ 32,473,868</u>	<u>\$ 35,639,107</u>	<u>\$ 37,278,275</u>
Total Cash Collections - Billings	29,531,100	28,481,104	31,302,901	32,896,275	36,563,334
Total Cash Collections - Property Tax Bill	<u>1,281,664</u>	<u>1,530,987</u>	<u>1,223,117</u>	<u>1,370,344</u>	<u>1,487,440</u>
Total Collections	<u>\$ 30,812,764</u>	<u>\$ 30,012,091</u>	<u>\$ 32,526,018</u>	<u>\$ 34,266,619</u>	<u>\$ 38,050,774</u>
% of Total Cash Collections to Total Billed	99.8%	99.0%	100.2%	96.1%	102.1%

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, 2022 are in compliance with the requirements of the Financing Agreement. The Board expects to continue to be in compliance with these requirements during 2023.

Projected Cash Flows and Rates

The preliminary projection of cash flows of the System is presented in Table 16. 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. 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 projected cash flows in 2023 through 2027 assume that the Board will enact increases in water and wastewater rates and charges of 2% annually from 2024 through 2027. The projection indicates

that under the conditions reflected herein, the System will generate operating revenues of approximately \$40.7 million in 2023, which is expected to increase to \$43.5 million through 2027.

Taking into consideration non-operating revenues, total revenues available for debt service and expenses are projected to be \$13.6 million in 2023, decreasing to \$13.3 million in 2027. These projections are preliminary and subject to change. The projected user payments reflect the assumption that water consumption by customers will remain stable throughout the projection period. If such projections in water sales are not achieved, then 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.

On a preliminary basis, operating expenses are projected to increase from approximately \$27.1 million in 2023 to \$30.1 million in 2027. Operating expenses in 2023 through 2027 are expected to increase with inflation, with the exception of employee benefits which are projected using historical increases (and which have increased at rates significantly higher than inflation).

The projected debt service includes principal and interest payments on outstanding bonds. The Board does not anticipate issuing future debt throughout the projection period. 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.

In 2012, 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 2023 through 2027 is \$700,000 per year.

The debt service coverage ratios in Table 16 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 changes in customer usage are consistent with the assumed rate of change. 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 16, 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 16 – Preliminary Projections of Cash Flows and Rates

Line		Estimated				
		2023	2024	2025	2026	2027
	Revenues					
1	Operating revenues	40,713,416	41,002,684	41,807,738	42,628,893	43,466,471
2	Total	40,713,416	41,002,684	41,807,738	42,628,893	43,466,471
	Operations and Maintenance Expenses					
3	Salaries and benefits	12,540,403	12,791,211	13,047,035	13,307,975	13,574,134
4	Chemicals/sludge	7,562,095	7,820,455	8,087,217	8,362,654	8,647,049
5	Insurance/safety	549,080	567,839	587,209	607,208	627,858
6	Maintenance	1,037,047	1,072,478	1,109,061	1,146,834	1,185,835
7	Utilities	3,294,312	3,406,862	3,523,073	3,643,063	3,766,955
8	Other expenses	1,129,271	1,167,852	1,207,689	1,248,821	1,291,290
9	Equipment	286,189	295,966	306,062	316,486	327,249
10	PILOT payment to City	700,000	700,000	700,000	700,000	700,000
11	Total	27,098,397	27,822,664	28,567,345	29,333,040	30,120,370
12	Revenues available for debt service	13,615,019	13,180,021	13,240,393	13,295,853	13,346,100
	Debt Service					
13	Debt service on outstanding bonds	7,916,793	7,963,410	8,332,243	8,307,885	8,286,262
14	Debt service on future Authority bonds	-	-	-	-	-
15	Total	7,916,793	7,963,410	8,332,243	8,307,885	8,286,262
16	Surplus (line 12 - line 15)	5,698,226	5,216,611	4,908,150	4,987,968	5,059,838
17	Debt Service Coverage (minimum 1.15)	1.72	1.66	1.59	1.60	1.61
18	Actual/Proposed Rate Increase	8.9%	2.0%	2.0%	2.0%	2.0%

Notes:

- 1) Projected cash flow and rates above are subject to change.

Water Sales by Customer Class

Table 17 below illustrates the water consumption by customer class for each of the last four years.

*Table 17 – Water Consumption by Customer Class
(Units in ccf (100 cubic feet))*

District 1 - Residential	2019	2020	2021	2022
1st billing	100,028	96,480	95,192	95,586
2nd billing	102,006	93,876	96,296	103,064
3rd billing	100,227	95,253	97,686	98,794
4th billing	<u>107,348</u>	<u>108,183</u>	<u>106,845</u>	<u>106,703</u>
Total	<u>409,609</u>	<u>393,792</u>	<u>396,019</u>	<u>404,147</u>
District 2 - Residential				
1st billing	115,362	112,723	117,401	111,954
2nd billing	119,916	109,077	107,758	109,012
3rd billing	122,680	124,671	121,515	119,215
4th billing	<u>128,268</u>	<u>137,452</u>	<u>126,723</u>	<u>126,578</u>
Total	<u>486,226</u>	<u>483,923</u>	<u>473,397</u>	<u>466,759</u>
District 3 - Residential				
1st billing	89,117	86,070	84,767	89,466
2nd billing	84,898	84,925	94,939	89,557
3rd billing	91,686	97,608	100,138	94,433
4th billing	<u>90,915</u>	<u>89,996</u>	<u>91,682</u>	<u>93,224</u>
Total	<u>356,616</u>	<u>358,599</u>	<u>371,526</u>	<u>366,680</u>
District - Industrial				
1st billing	220,964	229,987	232,518	257,908
2nd billing	187,131	210,701	206,858	199,982
3rd billing	211,761	180,448	251,887	206,656
4th billing	<u>292,765</u>	<u>266,435</u>	<u>275,604</u>	<u>266,035</u>
Total	<u>912,621</u>	<u>887,571</u>	<u>966,867</u>	<u>930,581</u>
District - SIU				
1st billing	236,512	210,440	207,284	263,932
2nd billing	213,396	225,585	295,772	258,084
3rd billing	210,400	248,179	320,257	303,606
4th billing	<u>229,831</u>	<u>246,508</u>	<u>292,642</u>	<u>265,239</u>
Total	<u>890,139</u>	<u>930,712</u>	<u>1,115,955</u>	<u>1,090,861</u>
District - NR				
1st billing	527	339	243	492
2nd billing	391	248	625	590
3rd billing	406	1,489	393	570
4th billing	<u>423</u>	<u>402</u>	<u>523</u>	<u>427</u>
Total	<u>1,747</u>	<u>2,478</u>	<u>1,784</u>	<u>2,079</u>
Grand Total ccf	3,056,958	3,057,075	3,325,548	3,261,107
% Change from Prior Year	-1.58%	0.00%	8.78%	-1.94%

As illustrated by Table 17, water consumption was fairly level in 2019 and 2020 following the loss of a major customer in the Significant Industrial Users (SIU) category during 2016-2017. Consumption has since trended positively in 2021 following the COVID-19 pandemic with a slight decline during 2022.

The ten largest water customers and wastewater customers are listed in Table 17A below.

Table 17A – Ten Largest Water and Wastewater Customers

	<u>Name</u>	<u>12/31/2022</u>	<u>% of</u>	<u>6/30/2023</u>
		<u>Revenue</u>	<u>Total</u>	<u>YTD</u>
1	Norampac Industries #50	\$ 8,894,207	54.52%	\$ 3,425,911
2	Niacet Corporation #17	1,205,128	7.39%	737,608
3	Covanta Niagara, LP #32	1,136,605	6.97%	468,283
4	Seneca NF Gaming - Hotel	1,012,720	6.21%	456,961
5	Occidental Chemical #22	925,673	5.67%	302,548
6	Olin Corp #23	833,178	5.11%	439,465
7	Olin Corp	717,617	4.40%	386,409
8	Town of Niagara	613,236	3.76%	432,128
9	NF Medical Facilities Management	499,064	3.06%	230,672
10	Goodyear Tire & Rubber Co.	475,354	2.91%	285,785
		<u>\$ 16,312,782</u>	<u>100%</u>	<u>\$ 7,165,770</u>

The following table illustrates the historical trends in water consumption as well as the distribution of water sales by customer class:

Table 17B – Water Demand, Revenue and Account Information by Customer Class

Class of Customer	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Residential/Commercial										
Consumption (CCF)	1,331,527	1,346,029	1,315,516	1,338,499	1,272,267	1,299,934	1,252,451	1,236,314	1,240,942	1,237,586
Number of Accounts	18,470	18,249	18,379	17,954	17,835	17,917	17,944	17,920	17,880	17,811
Revenues	\$ 4,674,230	\$ 4,765,290	\$ 4,728,578	\$ 4,982,389	\$ 4,822,853	\$ 5,120,518	\$ 4,985,808	\$ 4,981,737	\$ 5,167,139	\$ 6,013,741
Industrial										
Consumption (CCF)	849,504	745,073	741,580	804,241	852,457	926,684	912,621	887,571	966,867	930,581
Number of Accounts	253	255	256	248	261	245	245	258	256	255
Revenues	\$ 2,033,097	\$ 1,975,744	\$ 2,399,858	\$ 2,956,785	\$ 2,327,816	\$ 2,722,250	\$ 2,597,846	\$ 2,358,805	\$ 2,797,914	\$ 2,989,506
Significant Industrial Users (SIU)										
Consumption (CCF)	1,123,975	1,362,443	1,209,147	1,065,322	971,721	876,822	890,139	930,712	1,115,955	1,090,861
Number of Accounts	24	24	24	23	23	24	22	23	23	23
Revenues	\$ 2,402,154	\$ 2,858,019	\$ 2,553,174	\$ 2,334,010	\$ 2,166,094	\$ 2,238,898	\$ 2,067,362	\$ 2,219,211	\$ 2,790,450	\$ 2,923,470
Non-Resident Users*										
Consumption (CCF)	11,452	3,467	3,862	4,876	3,586	2,605	1,747	2,478	1,784	2,019
Number of Accounts	27	27	27	27	27	27	26	26	26	26
Revenues	\$ 289,239	\$ 22,750	\$ 35,981	\$ 46,376	\$ 30,912	\$ 22,467	\$ 22,232	\$ 30,633	\$ 42,265	\$ 43,455
Total										
Consumption (CCF)	3,316,458	3,457,012	3,270,105	3,212,938	3,100,031	3,106,045	3,056,958	3,057,075	3,325,548	3,261,047
Number of Accounts	18,774	18,555	18,686	18,252	18,146	18,213	18,237	18,227	18,185	18,115
Revenues	\$ 7,544,897	\$ 7,641,243	\$ 8,438,310	10,319,560	9,347,675	10,104,133	9,673,248	9,590,386	10,797,768	11,970,172
Plus: Other Departmental Revenues	4,016,732	3,981,869	3,466,847	1,137,966	1,497,008	1,450,379	1,921,647	1,351,427	1,193,950	1,031,646
Less: Adjustments	(149,000)	(100,245)	(82,143)	(311,134)	(304,026)	(25,013)	(10,629)	(1,124)	-	-
Total Departmental Revenue	<u>\$ 11,412,629</u>	<u>\$ 11,522,867</u>	<u>\$ 11,823,014</u>	<u>\$ 11,146,392</u>	<u>\$ 10,540,657</u>	<u>\$ 11,529,499</u>	<u>\$ 11,584,266</u>	<u>\$ 10,940,689</u>	<u>\$ 11,991,718</u>	<u>\$ 13,001,818</u>

Rates for Water Service and Wastewater Service

The rates for water service and wastewater service in 2023 increased 8.9% for both customers within and outside the City. The Board provides wastewater service to Town of Niagara customers outside of the City. The Board reached an agreement with the Town of Niagara in 2015 that includes the use of wastewater flow meters for measuring actual wastewater volumes discharged to the NFWB collection system. These two changes should result in increased revenues from these Out of District users. 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 the recently completed meter replacement program. Water and wastewater rates for 2022 and 2021 are provided in the financial statements of the Board. The consumption-related water rates of the Board for 2022-23 are shown in Table 17C below. Historical rate increases for water and wastewater customers are presented in Table 18 that follows.

Table 17C – 2023 Rates for Water Customers

	Inside City (\$/ccf)	Outside City (\$/ccf)
First 20,000 CF	4.48	11.97
Next 60,000 CF	3.88	10.45
Next 120,000 CF	3.29	8.70
> 200,000 CF	2.72	7.33

Table 18 –Historical Percentage Increases in Rates for Water and Wastewater Customers

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
4.40%	0.00%	2.40%	2.00%	0.00%	2.99%	16.90%	8.90%

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 2023 wastewater user charges for the CSIRU class of customers are summarized in Table 19.

Table 19 – 2023 Wastewater Rates for CSIRU Customers

<u>Minimum Charge</u>	<u>Volume Charge</u>
All meter sizes and flow up to 1,300 cf \$77.09	Usage in excess of 1,300 cf per quarter (per 100 cf) \$5.93

Three of the wastewater user charges for the SIU class of customers in 2023 are summarized in Table 20.

Table 20 – 2023 Wastewater Rates & Charges for SIU Customers

Flow Charge (\$/MG)	Solids Charge (\$/lb)	SOC Charge (\$/lb)
4,169	1.34	2.31

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 21 presents the estimated interest earnings for 2023.

Table 21 – Estimated Interest Earnings - 2023

Fund	Average End of Month Balance	Interest Earnings Rate	Estimated Annual Earnings
Debt Service restricted cash	\$ 14,860,678	Varies	\$ 594,427
Unrestricted investments	10,341,475	Varies	\$ 413,659
Capital Project restricted cash	786,581	0.35%	2,753
Operations and maintenance restricted cash	5,198,450	0.35%	18,195
Operating cash	13,053,285	0.15%	19,580
			<u>\$ 1,048,614</u>

Interest earnings have increased throughout 2023, as compared to the most recent three years and may be available to provide additional revenues during the projection period.

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 2023 are shown in Table 22

Table 22 – Major Components of Expenses Other Than Labor - 2023

Item	Amount
Chemicals	\$ 7,562,095
Utilities	3,294,312
Maintenance	1,037,047
Computer Service Contracts / Supplies / Professional Services	1,829,271
Insurance	549,080
Equipment	286,189

Chemicals are used in both the water treatment and the wastewater treatment processes although the majority of the cost of chemicals is wastewater related. The System receives low cost hydroelectric power from the New York Power Authority which significantly reduces its electrical costs relative to market rates. The Board will be proactively seeking opportunities to further reduce

such costs. Other expenses are assumed to be affected by inflation as well as the results of cost saving initiatives of the Board during the projection period.

The total operating expenses of the Board in 2020, 2021 and 2022 were approximately \$31.2 million, \$31.3 million and \$31.2 million, respectively.

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	3165
City	Seneca Niagara Casino and Hotel	2528
City	Fashion Outlets of Niagara	2027
County	Niagara County	1425
County	General Motors Components Holdings, LLC	1400
City	Niagara Falls City School District	1200
City	Niagara Falls Memorial Medical Center	1029
County	North Tonawanda City School District	704
County	Niagara County Community College	700
County	Lockport City School District	675

Source: Niagara County Center for Economic Development

Population

Changes in the City’s population compared to changes in the population of the County, the State and the United States are as follows:

	2000	2010	2020	% of Change 2000-2010	% of Change 2010-2020
City	55,593	50,193	48,671	-9.71%	-3.03%
County	219,846	216,469	212,666	-1.54%	-1.76%
State	18,876,457	19,378,102	20,201,249	2.66%	4.25%
United States	281,421,906	308,745,338	331,449,281	9.71%	7.35%

Source: United States Bureau of the Census

Civilian Labor Force – Annual Average (thousands)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City	20.9	20.6	21.2	20.2	20.4
County	98.9	98.2	98.1	96.8	97.3
State	9,511.2	9,507.1	9,289.2	9,519.5	9,594.4

Source: New York State Department of Economic Development: Bureau of Economic and Demographic Information (note that “City” refers to Niagara Falls city, NY Statistical Area).

Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2018	6.7%	5.2%	4.1%
2019	5.9%	5.0%	3.8%
2020	13.8%	10.4%	10.0%
2021	8.0%	7.2%	6.9%
2022	4.8%	3.8%	4.3%

Source: New York State Department of Labor, Bureau of Labor Statistics, Information not seasonally adjusted (note that “City” refers to Niagara Falls city, NY Statistical Area)

Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
January, 2023	6.0%	4.9%	4.6%
February	5.6%	4.5%	4.5%
March	5.0%	4.0%	4.0%

Source: New York State Department of Labor, Bureau of Labor Statistics, Information not seasonally adjusted (note that “City” refers to Niagara Falls city, NY Statistical Area).

Comparative Housing, Income and Population Data (as of December 2013)

	<u>City</u>	<u>State</u>	<u>U.S.</u>
Age Distribution:			
% under 5 years	5.6	6.0	6.4
% 20 to 64	61.0	80.0	80.2
% 65 and over	15.0	13.8	13.4
Median age	39.4	38.1	37.3
Person / Household	2.28	2.61	2.63
Housing:			
% owner occupied housing units	55.8%	54.2%	64.9
Median value housing (\$)	66,600	288,200	176,700
Median gross rent (\$)	718	1,109	962
% housing built 1990 - 2000	7.0	6.0	13.9
% housing built before 1939	33.2	33.1	13.7
% with 5 or more units in structure	14.1	34.9	24.5
Income:			
Per capita income (\$)	20,549	32,382	28,155
Median family income (\$)	32,326	58,003	53,046
% below poverty level	24.9	15.3	15.4

Source: Census of Population and Housing, U.S. Department of Commerce, Bureau of Census (note that "City" refers only to Niagara Falls)