

2026 Proposed Budget



October 27, 2025





The **MISSION**

of the **NIAGARA FALLS WATER BOARD** is to
provide **safe and reliable** water and wastewater
management services to our community in an
economical and efficient manner.

Executive Summary

Costs are Under Control, but Revenue is Declining

Closure of Cascades' Norampac plant further impacts projected revenue

Recommended Rate Increase of 5.9%

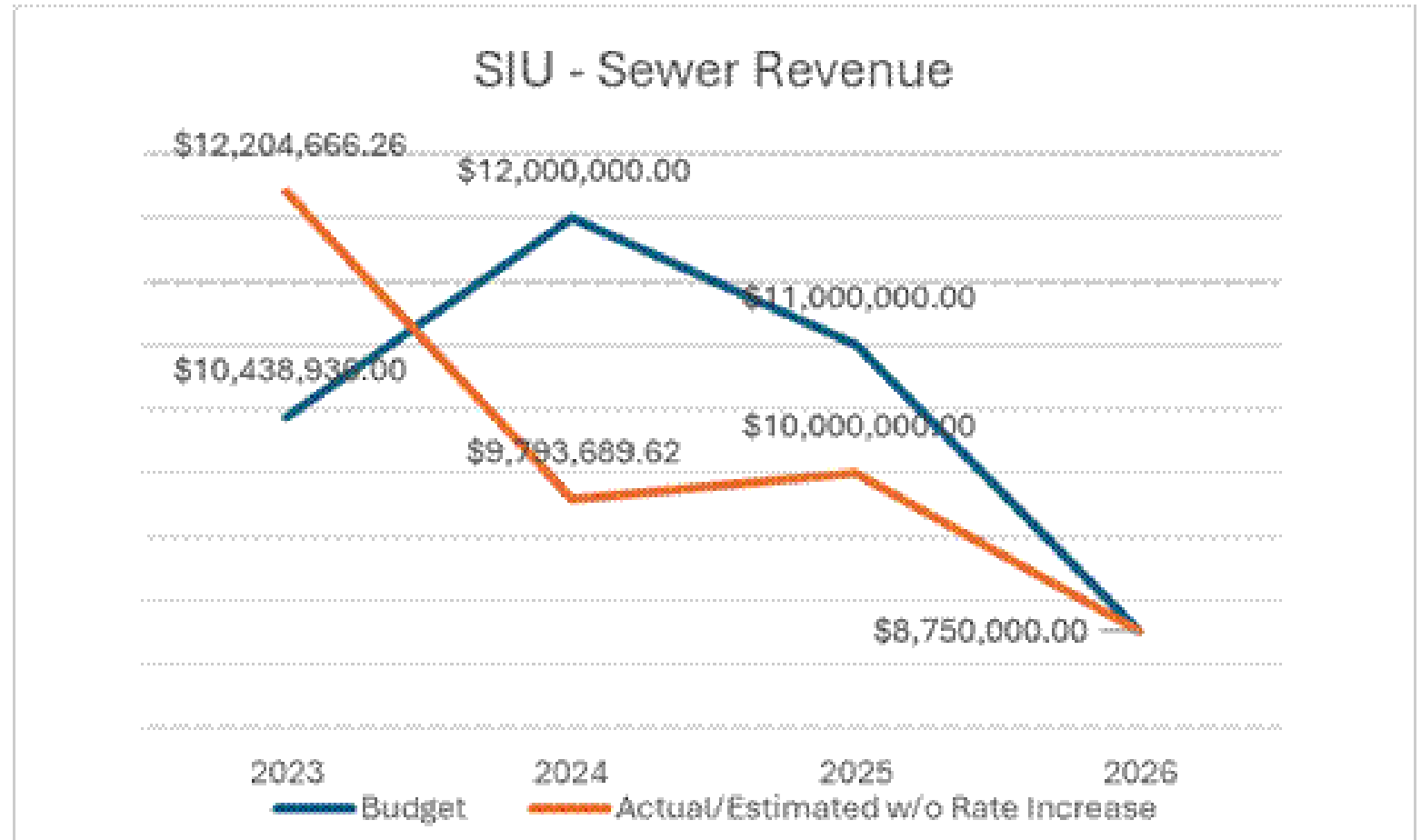
Maintains services and NFWB rates will be lower than comparable utilities

Public Hearing and Board Vote

Recommend scheduling public hearing for November 17 Board meeting

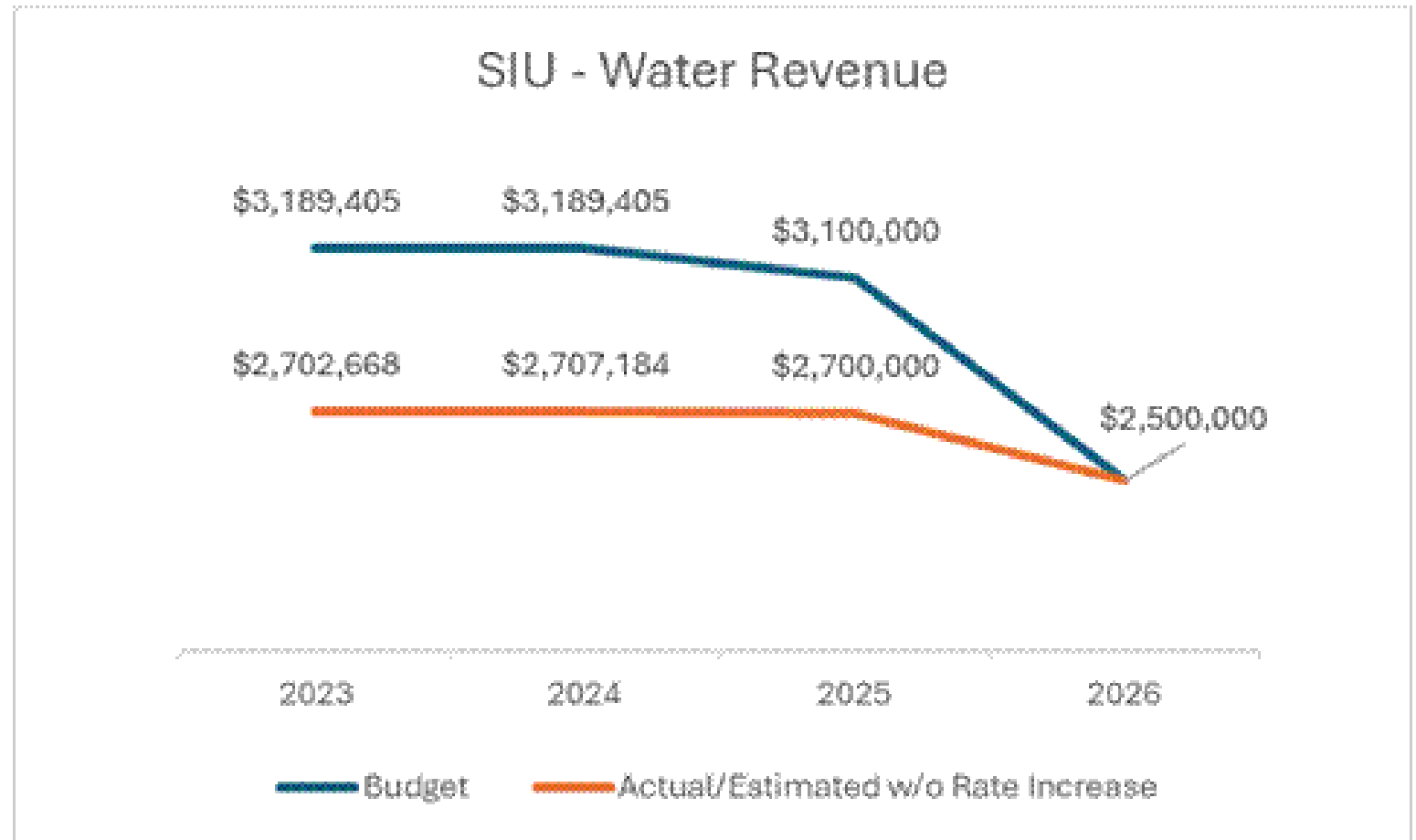
Sewer Revenue

- 2026 sewer revenues projected approx. \$1.3 million below 2025 budget without rate increase
- SIU sewer revenues have declined substantially since 2023
- 2026 revenue projection anticipates reduction in revenue from Cascades



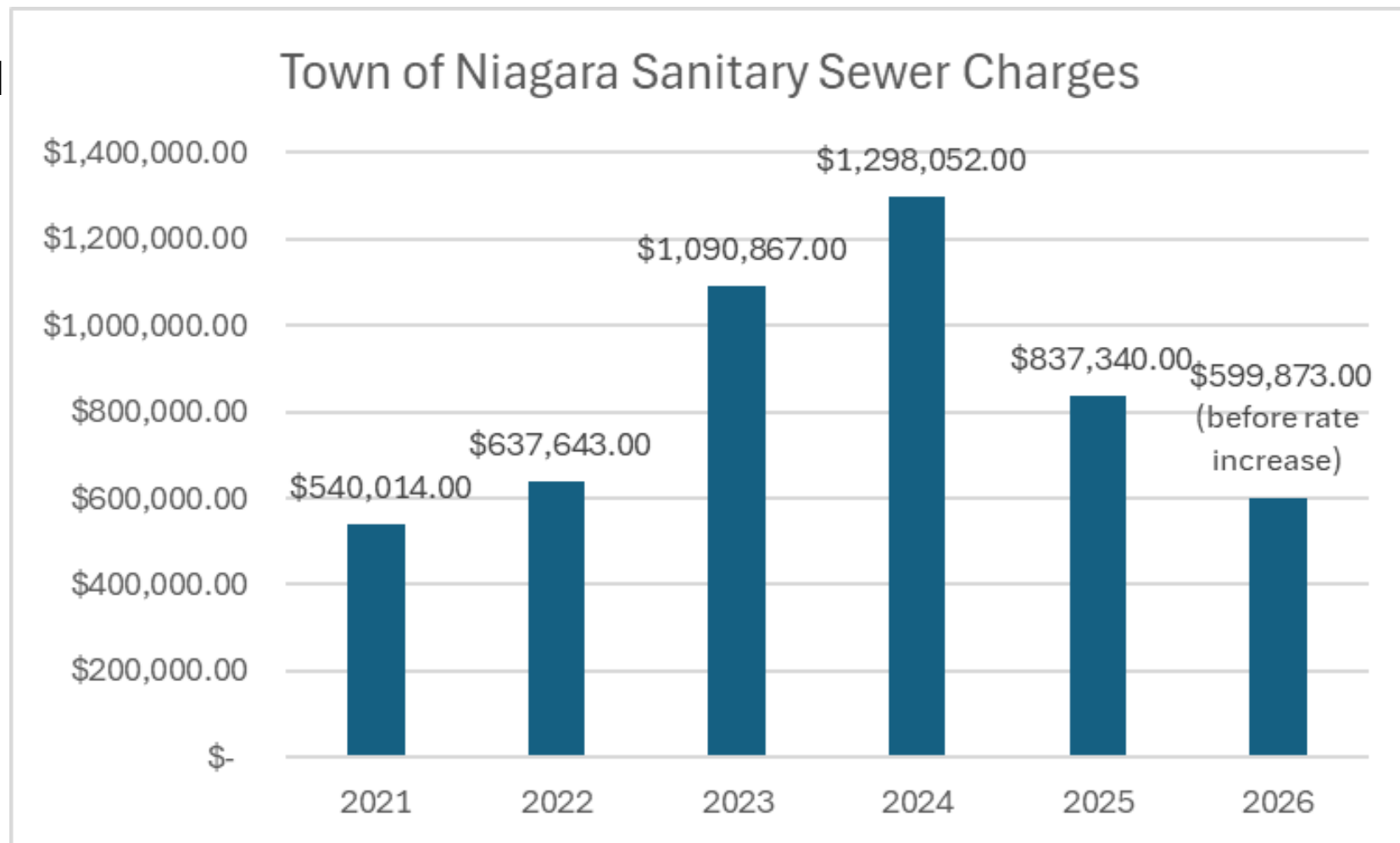
Water Revenue

- Water revenues have been overestimated in recent budgets
- Cascades closure has less impact
- 2026 budget projects \$600,000 less water revenue versus 2025 budget without rate increase



Town of Niagara Revenue

- Town of Niagara bill based on flows during prior year flow monitoring periods
- Dry conditions in 2025 will result in a lower bill for 2026



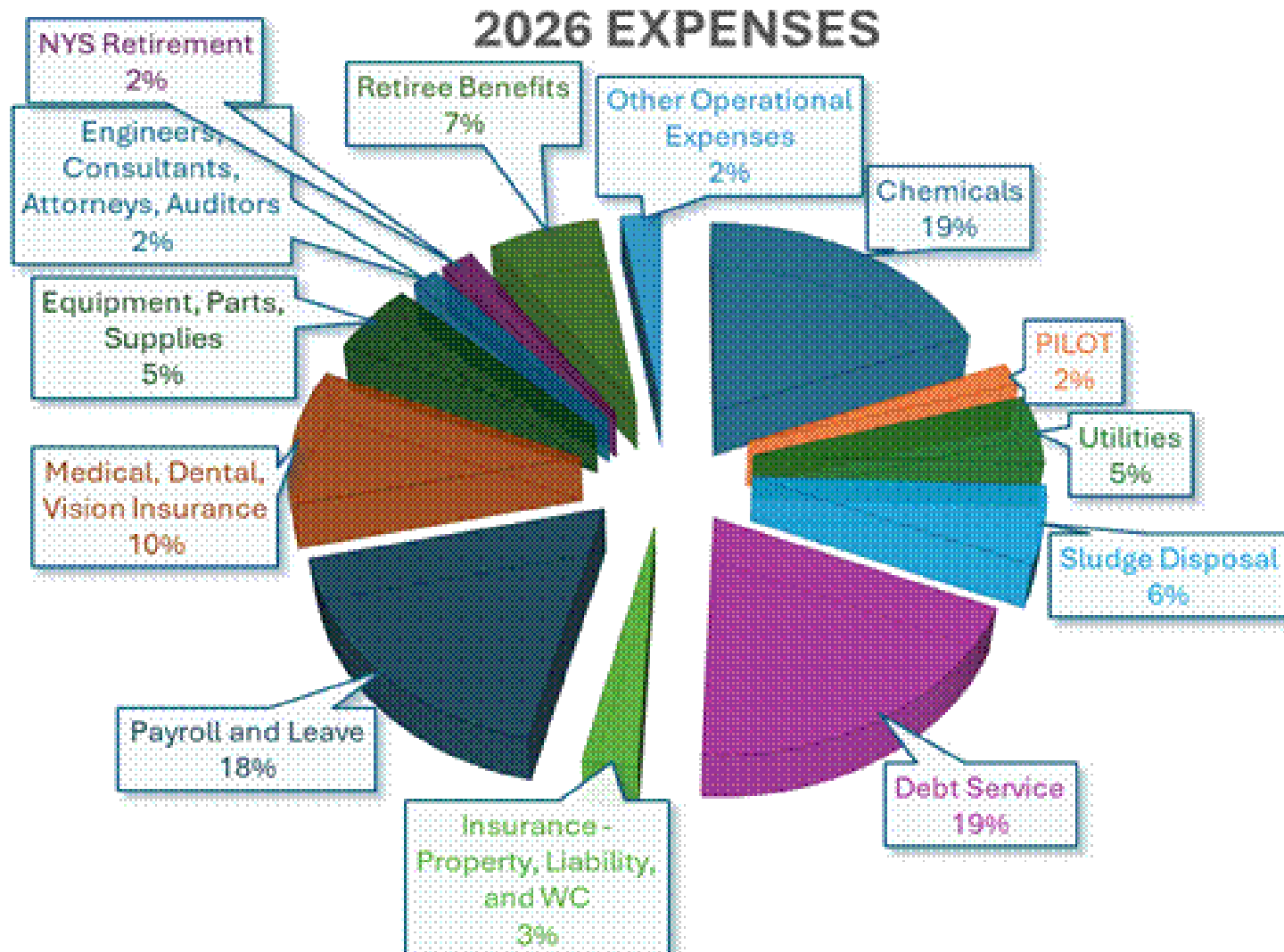
Ten Largest Water and Wastewater Customers

➤ Ten customers account for over 35% of annual billings

➤ Most NFWB expenses are fixed, so lost revenue from large customers has a direct impact on rates required to fund operations

	<u>Name</u>	<u>12/31/2024</u> <u>Revenue</u>	<u>% of</u> <u>Total</u>	<u>6/30/2025</u> <u>YTD</u>
1	Cascades Holding US Inc.	\$ 5,302,876	38.29%	\$ 2,419,038
2	Niacet Corporation	1,827,046	13.19%	1,787,321
3	Town of Niagara	1,246,256	9.00%	649,026
4	Seneca NF Gaming - Hotel	1,181,906	8.53%	536,166
5	Olin Corporation (#23)	949,076	6.85%	432,364
6	Occidental Petroleum Corporation	917,021	6.62%	160,953
7	Reworld Niagara I, LLC	764,428	5.52%	461,093
8	Olin Corporation (#5)	600,682	4.34%	355,152
9	Goodyear Tire & Rubber Co.	537,567	3.88%	267,119
10	Seneca NF Gaming	522,986	3.78%	217,545
		<u>\$ 13,849,844</u>	<u>100%</u>	<u>\$ 7,285,777</u>

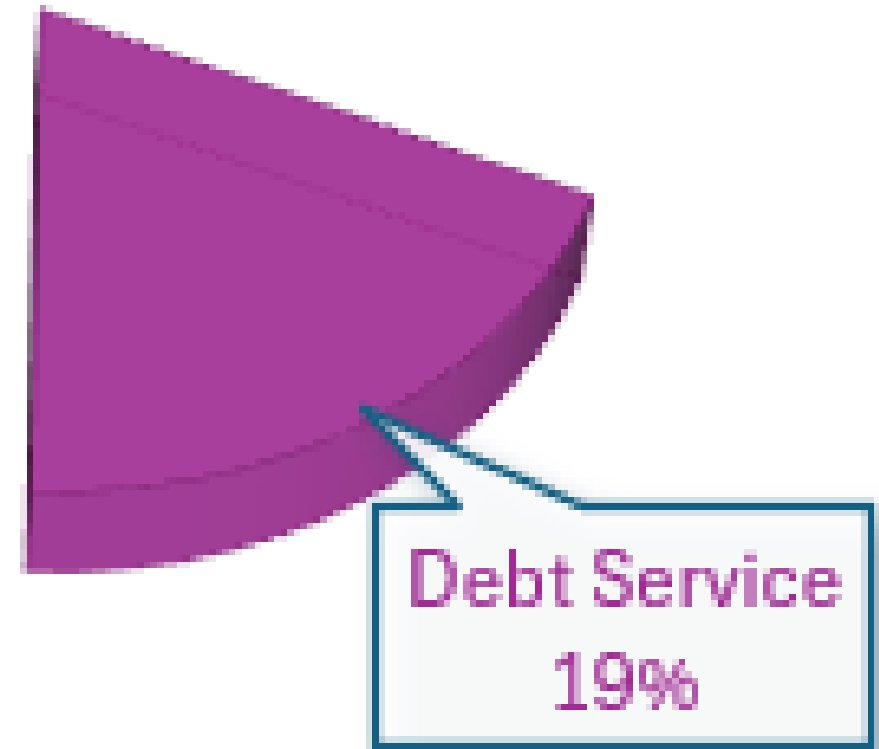
Expenses



- Overall, cuts offset increases in certain areas
- Debt service and chemicals are the two largest areas of expense
- Largest cost increase in sludge disposal; bid price increased 37% from prior contract

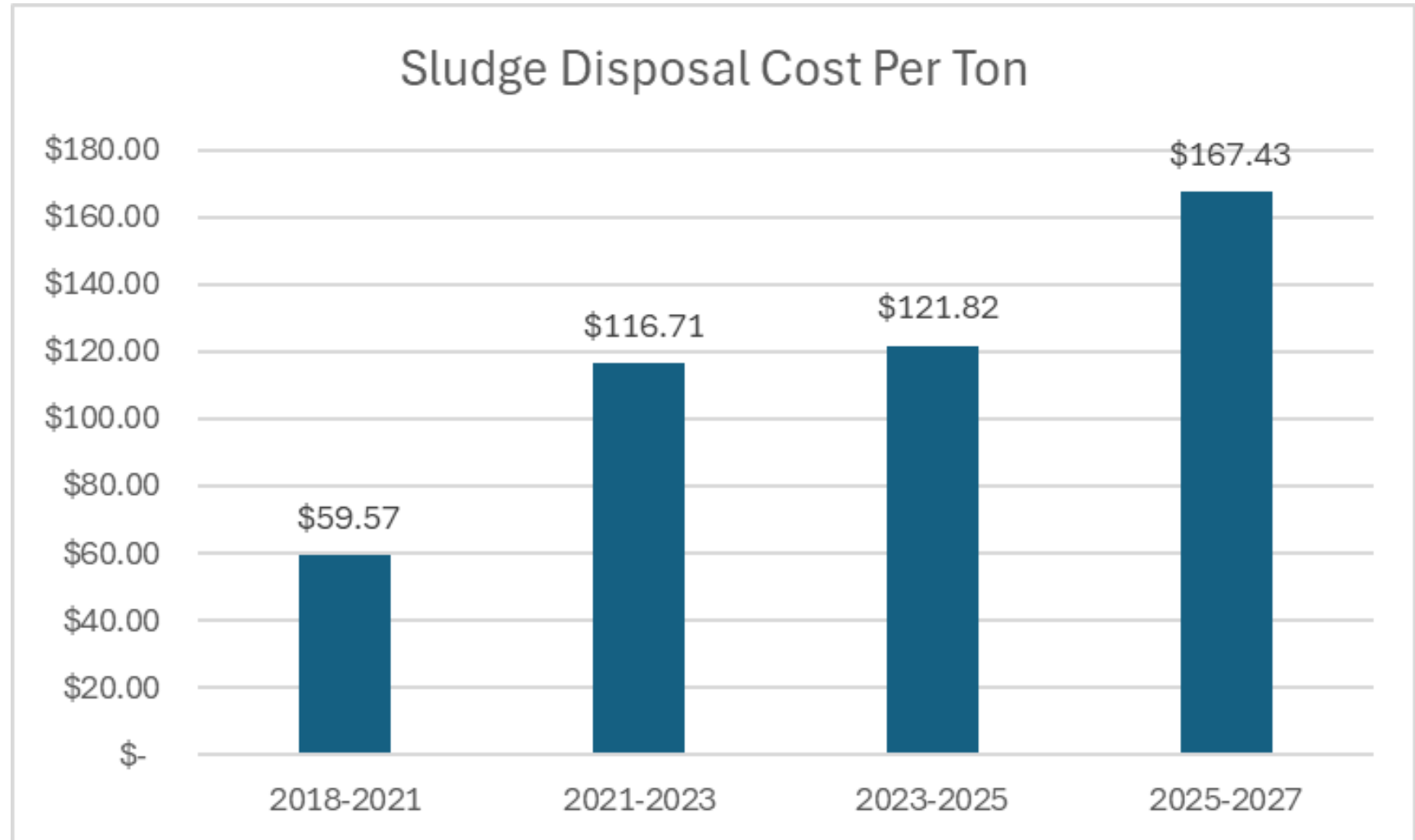
Debt Service Expense

- NFWB inherited \$110,000,000 in debt when created in 2003
- As of 12/31/2024, \$68,194,673 remains outstanding
- 2025 net debt service is \$7,980,132



Sludge Disposal Expense

- 2025-2027 Cost Increased 37%
- Long term, we are evaluating the payback period for improvements such as a sludge dryer



Retiree Benefits and NYSLRS

- 2026 Retiree Benefits: \$2,814,110
 - Benefits for newer retirees (hired after 12/31/2007) will cost less
- New York State and Local Retirement System Contribution has increased from \$739,416 to \$839,177 (a 13% increase)
 - Set by NYS based on factors including investment performance, inflation, and actuarial assumptions

Chemical Expenses

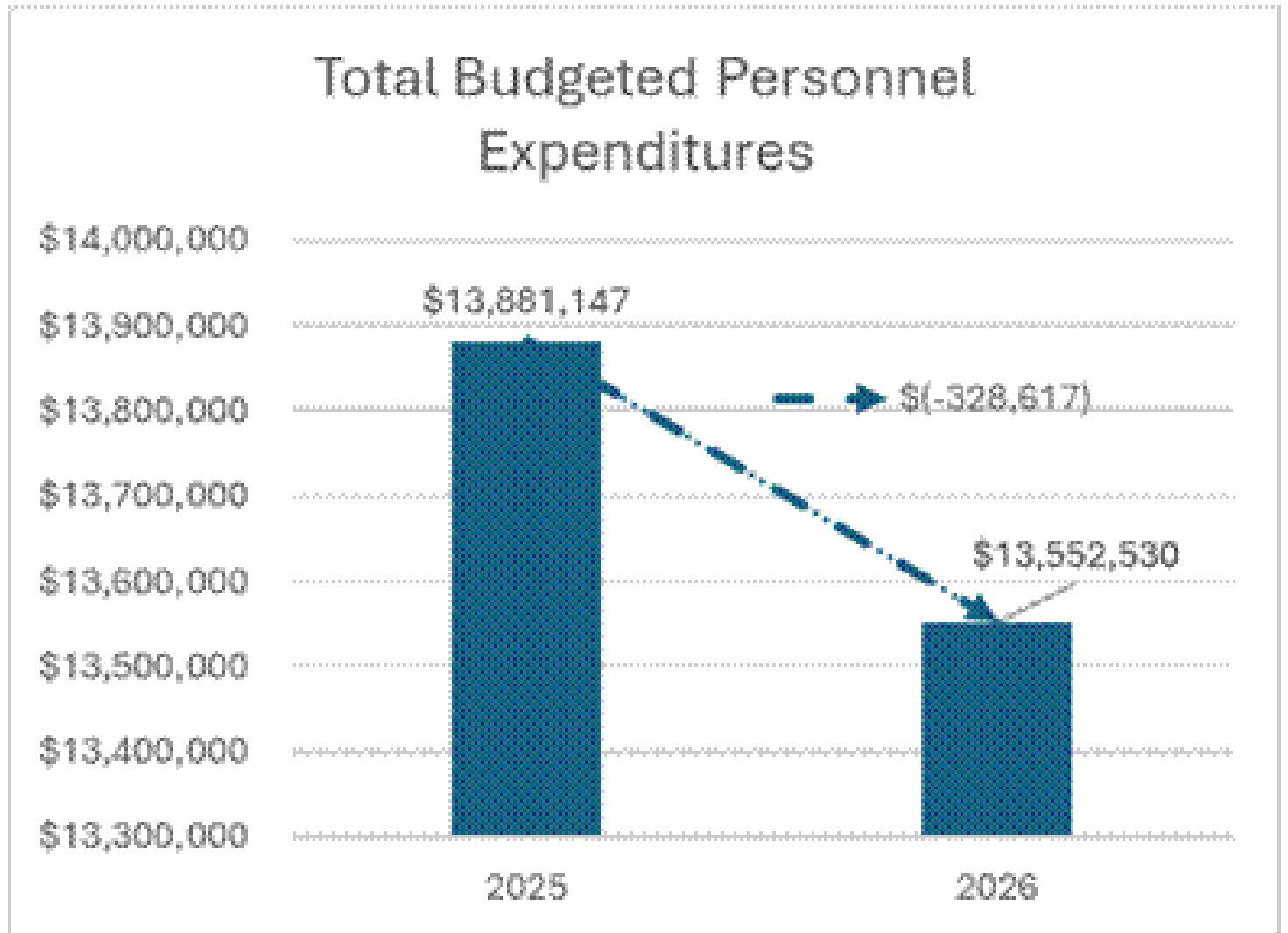
- Chemical budget mixed
 - Sodium hypochlorite budget reduced by \$1 million, modestly lower bid price and trend of reduced utilization
 - But the reduced utilization may correlate to lower SIU sewer revenues
 - Carbon, Ferric Chloride, and Lime bids increased a total of \$120,000
 - Primary and Sludge polymer budget reduced a total of \$35,000

Other Notable Expense Changes

- Light and Power budget lines increased by \$105,000
- WTP sludge now routed to WWTP for treatment, reduces WTP sludge budget line by \$100,000 (sludge disposal cost shifts to WWTP)
- \$89,000 decrease in Workers Compensation premium
- \$82,000 increase in Property & Liability insurance premium

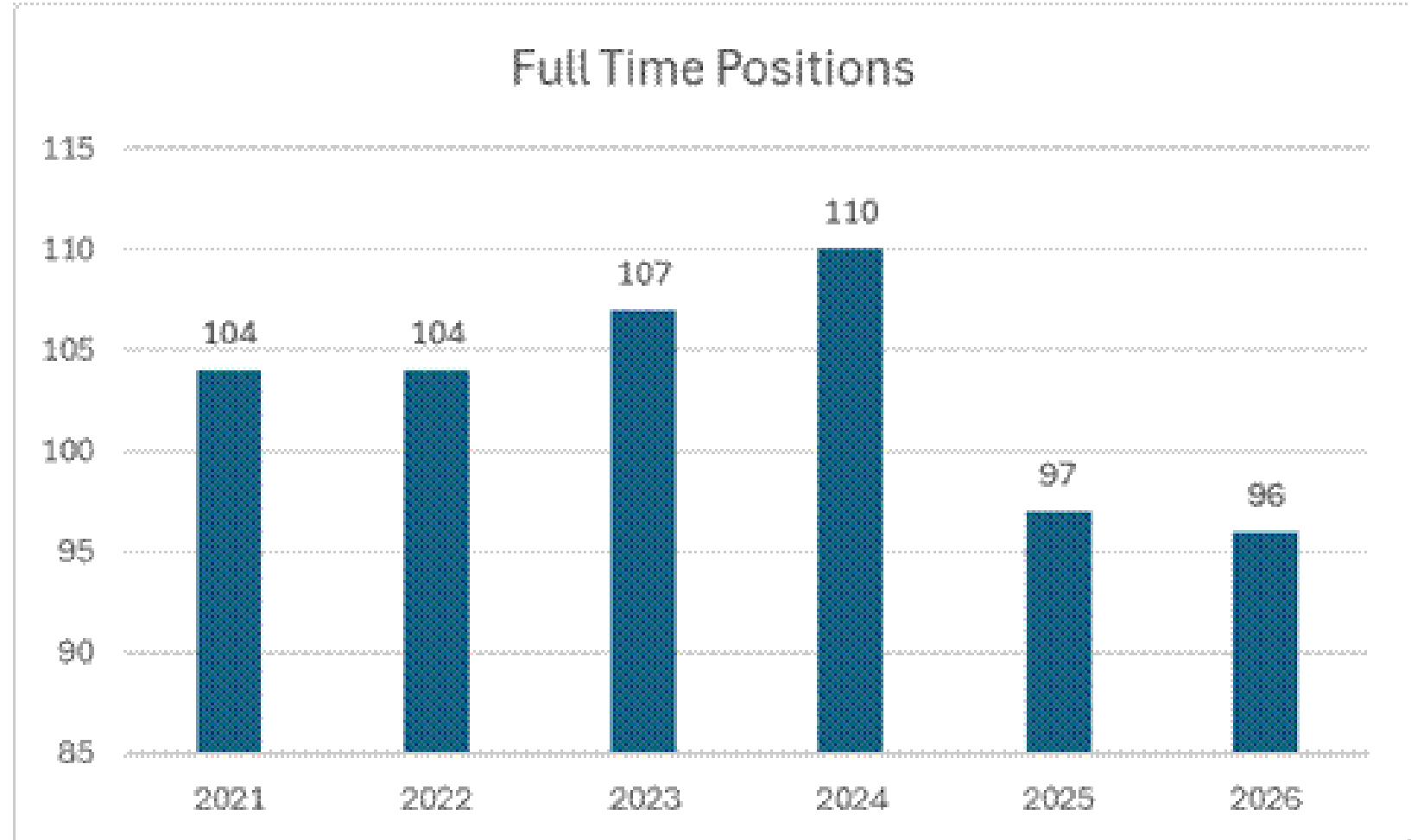
Personnel Cost Control

- Personnel cost for 2026, including payroll, benefits, overtime, etc., represents a decrease in overall personnel cost versus the 2025 adopted budget.



Personnel Cost Control

- 2026 contractual wage increases total \$240,330
- Represents 0.7% of estimated 2026 revenues prior to rate increase
- Personnel costs offset by personnel reductions



Funding the 2026 Proposed Budget

- Even with reductions to personnel costs and tight budgeting, revenue decline and some increased expenses mean a ~\$2 million shortfall between estimated revenues and expenses
- Revenues subject to a rate increase are \$34,754,853
- Therefore, a 1% increase nets \$347,548
- Proposed 2026 rate increase of 5.9%

Rates

- Last rate increase was effective January 1, 2023
- No rate increase (0%) for 2024 or 2025

Impact on Minimum Bill

- About half of users receive a minimum bill in any given quarter (9,725 gallons)
- Impact on minimum bill as follows:

	2023, 2024, & 2025	Proposed 2026
Water Charge	\$58.24	\$61.68
Sewer Charge	\$77.09	\$81.64
Service Fee	\$3.70	\$3.70
Total	\$139.03	\$147.04

- Increase would equal: \$2.67/month, \$8.01/quarter, \$32.04/yr.
- Users with higher consumption will see a larger increase

Benchmarking NFWB Rates

- A study found the price of monthly residential water and sewer service for the average US utility in 2023 was \$95.02 - or \$285.06/quarter

Teodoro, M.P. and Thiele, R. (2024), Water and Sewer Price and Affordability Trends in the United States, 2017–2023. J AWWA,

116: 14-24. <https://doi.org/10.1002/awwa.2315>

➡ This is **94% higher** than the proposed 2026 NFWB minimum bill

Benchmarking NFWB Rates

- It is challenging to compare NFWB rates with many towns/cities
 - User fees may not represent full cost of service
 - Capital or other costs often are recovered through "special district" or "improvement" charges on property tax bill
- Similar local utilities (ECWA, BSA, Buffalo Water) rates are higher than the proposed 2026 NFWB rates

Benchmarking NFWB Rates

- A quarterly minimum water-only bill for Erie County Water Authority (ECWA) with a usage allowance of 9,000 gallons is \$77.13
 - Approx. **25% *higher*** than NFWB
 - ECWA Rate Increases:

2023	2024	2025
12%	9%	11%

Benchmarking NFWB Rates

- Buffalo Water Board's 2025 quarterly bill for 9,700 gallons of water (no sewer included) is \$116.18
 - Approx. **88% *higher*** than NFWB
 - Buffalo Water Board Rate Increases:

2023	2024	2025
10%	7%	7.5%

Benchmarking NFWB Rates

- Buffalo Sewer Authority charges both user fees and sewer rents (tax) which combined reflect the total cost of sewer service.
- For 2025-2026, an example bill would be approx. \$99.62 per quarter, calculated as follows:
 - Drainage Connection Charge: \$6.37
 - Quarterly Minimum: \$51.24
 - Sewer Rent, \$1.29 per \$1,000 assessed valuation, on a \$150,000 assessed home: \$193 annually, or \$48.25 quarterly
- Approx. **20% higher** than NFWB

What is on the Horizon

- Increase of approx. \$700,000 to annual debt service
- Payroll increases by approximately \$202,000 in 2027
- Lead and Copper Rule Improvement costs
- Order on Consent and Draft WWTP SPDES permit requirements

Strategies

- Continue careful cost containment
- Leverage grant funding for capital projects whenever possible
- Use technology to increase efficiency and effectiveness

Next Steps

➤ Recommended:

"Motion to schedule a public hearing on November 17, 2025 at 5:00 p.m. regarding the proposed fees, rates, and other charges for all persons and users served by the NFWB water, wastewater, and stormwater facilities to be effective January 1, 2026."



Questions?