2027 Proposed Budget



October 26, 2026

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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.

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Executive Summary

Costs are Under Control, but Revenue is Declining

Closure of Goodyear plant impacts projected revenue

Recommended Rate Increase of 3.0%

Maintains services and NFWB rates will be lower than most comparable utilities

Public Hearing and Board Vote

Recommend scheduling public hearing for November 16 Board meeting

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Rates: The Big Picture

1. Rate structure must be sufficient to meet operating expenses and capital costs, plus debt service.
2. Water from the Niagara River is, essentially, free. But collecting, treating, distributing drinking water, and then collecting and treating wastewater – including stormwater – is not.
3. NFWB **receives no tax revenue**. There is no special district charge included in City property tax bills on top of consumption charges, like in some towns.
4. Many of our costs are **fixed** costs. Fixed costs represent the expense of having a system that is always ready to serve a customer no matter how demand fluctuates. Fixed costs are recovered by water/sewer utilities in different ways. They may be billing items called customer charge, service charge, meter charge, base charge, etc.
5. Other costs are **variable**. Variable costs are recovered through consumption charges, also called commodity charges or volume charges.

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Fixed vs. Variable Costs

Fixed costs include:

1. **Debt Service on Bonds;**
2. **Plant maintenance – two treatment plants, 24/7;**
3. **Water and sewer main maintenance, 500 miles of mains;**
4. **Commitments to Retirees;**
5. **Meter Reading;**
6. **Customer Service;**
7. **Billing;**
8. **Insurance;**
9. **And much more!**

Variable costs include:

1. **Power used for pumping;**
2. **Chemicals used for treatment;**
3. **Sludge Disposal**

The Minimum Bill

The NFWB includes usage up to 13 units (ccf) of consumption as its minimum bill, which is how it recovers some of its **fixed costs** – which are the same no matter how much or how little a customer uses.

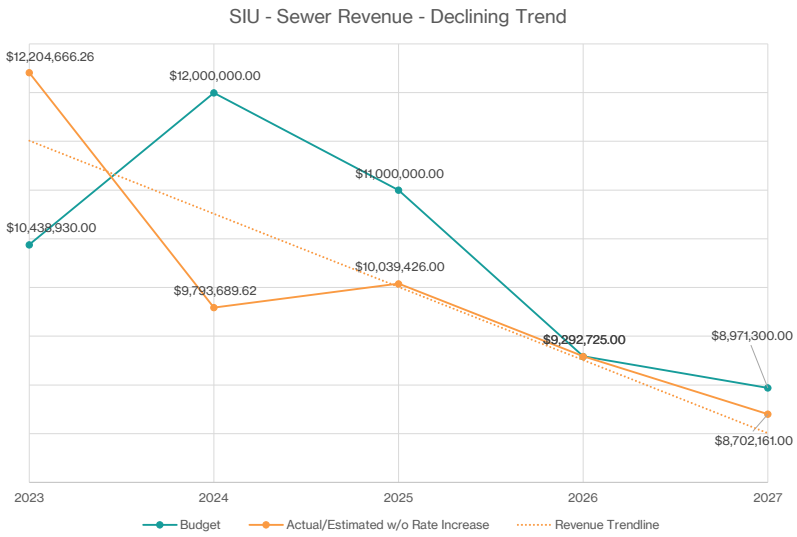
Volumetric / Consumption charges for usage over 13 units recover **variable costs** customers who are responsible for more of those costs.

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Sewer Revenue

- 2027 sewer revenues projected approx. $590,000 below 2026 budget without rate increase
- SIU sewer revenues have declined substantially since 2023
- 2027 revenue projection anticipates reduction in revenue from Cascades

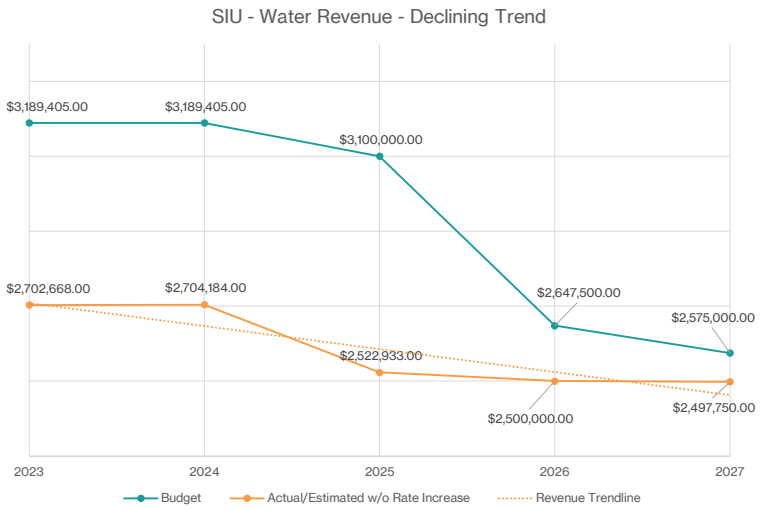


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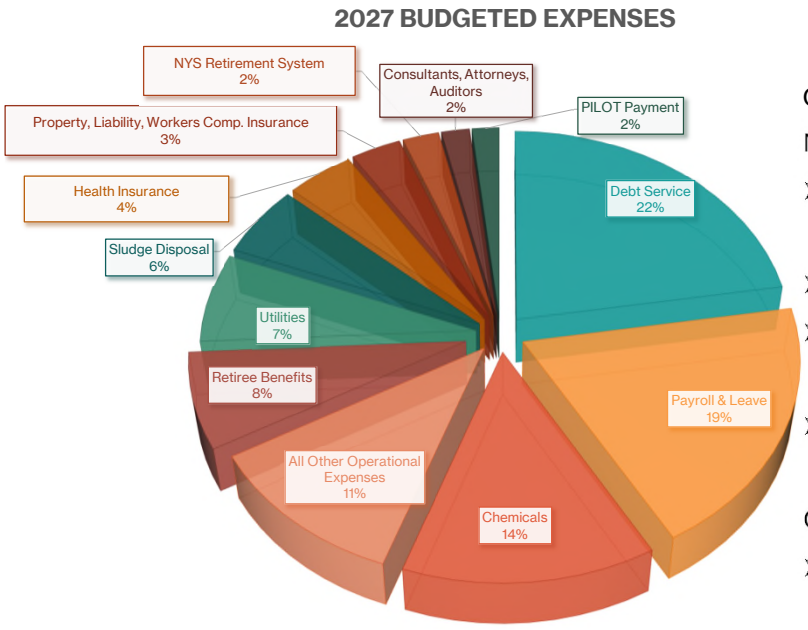
Water Revenue

- CSIRU water revenue has been relatively steady
- SIU water revenue has been overestimated in recent budgets
- 2027 revenue estimate is $150,000 less water revenue versus 2026 budget prior to rate increase; $145,000 of this is from Goodyear closure



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Expenses

Ongoing Rise in Many Costs; Some Notable Ones:

- 11% Increase in Debt Service ($1 million)
- 8% Increase in Medical ($314,000)
- 17% Increase in Light and Power ($270,000)
- 12%% Increase in NYS Retirement ($103,000)

One Big Exception:

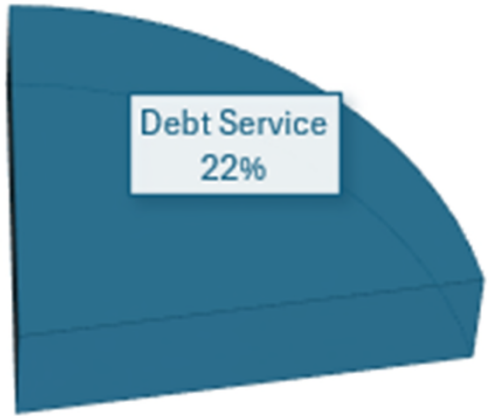
- $2 Million Decrease in Sodium Hypochlorite Budget

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Debt Service Expense

- Largest expense in 2027 budget
- Repayment on $13.5 million EFC loan for WWTP Projects Begins in 2026
- Projected interest revenue drops in 2027, increasing pressure on budget



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Personnel Cost Control

- 2027 Budget = Same Number of Positions as 2026
  - *15% Reduction from 110 in 2024 to 95 in 2026*
- Eliminates one vacant CDT Trainee
- Adds one Network Technician – responding to increasing reliance on technology and escalating cybersecurity threats
- Most Employees Receive 4% Pay Increase Per Collective Bargaining Agreements

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Funding the 2027 Proposed Budget

- 2027 Revenues Projected Lower than 2026 Revenues
- Overall expenses increase by approx. $526,000
- A 1% increase nets approx. $358,000
- After a proposed 3% rate increase, budgeted revenues will be approximately $39,807,000 for 2027, versus budgeted revenues of $39,281,000 for 2026.

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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:

	2026	Proposed 2027
Water Charge	$61.68	$63.53
Sewer Charge	$81.64	$84.09
Service Fee	$3.70	$3.70
Total	**$147.04**	**$151.32**

- Increase would equal: $1.43/month, $4.28/quarter, $17.12/yr.
- Users with higher consumption will see a larger increase

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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 ***88% higher*** than the proposed 2027 NFWB minimum bill

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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 2027 NFWB rates

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Benchmarking NFWB Water Rates

- A quarterly minimum water-only bill for **Erie County Water Authority (ECWA)** with a usage allowance of 9,000 gallons is $87.63
  - Approx. ***30% higher*** than NFWB's charge for 9,725 gallons – including the $3.70 service fee!
  - ECWA Rate Increases:

2023	2024	2025	2026	2027
12%	9%	11%	8.25%	5%

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Benchmarking NFWB Water Rates

- **Buffalo Water Board's** 2026 quarterly bill for 9,700 gallons of water (no sewer included) is $116.40
  - Approx. ***73% higher*** than NFWB's charge, including the $3.70 service fee!
  - Buffalo Water Board Rate Increases:

2023	2024	2025
10%	7%	7.5%

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Benchmarking NFWB Sewer Rates

- **Buffalo Sewer Authority** charges both user fees and sewer rents (tax) which combined reflect the total cost of sewer service.
- For 2026-2027, an example bill would be approx. **$124.94 per quarter**, calculated as follows:
  - Drainage Connection Charge: $20.28
  - Quarterly Minimum: $54.41
  - Sewer Rent, $1.34 per $1,000 assessed valuation, on a $150,000 assessed home: $201 annually, or $50.25 quarterly
- Approx. ***49% higher*** than NFWB!

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Benchmarking NFWB Rates

Water and Sewer Service Cost for Equivalent to NFWB Minimum Bill

City of Lockport		City of Batavia	
Water:	$99.54	Water:	$82.80
Sewer:	$56.24	Sewer:	$39.36
Total:	$155.78	Total:	$122.16
	2.9% higher than NFWB		*21% lower than NFWB*

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Benchmarking NFWB Rates

Other Combined Water/Sewer Public Authorities
Water and Sewer Service Cost for Equivalent to NFWB Minimum Bill

Wayne County Water & Sewer Authority (costs in example Town of Lyons)		Livingston County Water and Sewer Authority (costs in example Town of Livonia)	
Water:	$93.55	Water:	$169.41
Sewer:	$60.35	Sewer:	$94.76
Total:	$153.70	Total:	$225.39
	1.6% higher than NFWB		*49% higher than NFWB*

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Conclusions

- Water/Sewer Utilities Across the Region have Seen Large Increases in Cost of Providing Services in Recent Years
- NFWB Rates Continue to Compare Favorably to Similar Utilities in WNY

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Strategies

- Continue careful cost containment
- Leverage grant funding for capital projects whenever possible
- Use technology to increase efficiency and effectiveness
- **Lobby Urgently for State/Federal funding for WWTP Biological Treatment Upgrade and Lead Service Line Replacement**

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Next Steps

- Recommended:

"Motion to schedule a public hearing on November 16, 2026 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, 2027."

- Rate Consultant (Drescher & Malecki) will present on their analysis of the proposed budget and rates, and compliance with the applicable rate covenant, at the public hearing.

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