



COUNTY OF ERIE
DEPARTMENT OF ENVIRONMENT & PLANNING
DIVISION OF SEWERAGE MANAGEMENT
**** MEMORANDUM ****

DANIEL CASTLE, AICP
 COMMISSIONER
 JOSEPH FIEGL, P.E., BCEE
 DEPUTY COMMISSIONER

FROM: Joseph Fiegl, P.E., BCEE – Deputy Commissioner

TO: Erie County Sewer District (ECSD) Nos. 1 and 4 Board of Managers

DATE: May 29, 2026

RE: Buffalo Sewer Authority Treatment Costs

2026 Budgets

Contractual treatment costs make up roughly half of the ECSD Nos. 1 and 4 budgets. These costs are determined through agreements with the Buffalo Sewer Authority (BSA). For fiscal year 2026 (FY26), ECSD No. 1 budgeted \$4,690,000 for treatment costs and ECSD No. 4 budgeted \$8,250,000. Both figures include expected industrial surcharges; ECSD No. 1 also budgeted \$125,000 for contractual treatment with the Town of West Seneca.

As discussed at prior Board meetings, BSA-related costs have shown greater variability in recent years. To account for this, both districts budgeted a 10% increase for BSA expenses during the FY26 process. This was considered reasonable given available information, including the 6.7% increase within BSA’s own budget.

For FY26, ECSD Nos. 1 and 4 are billed based on final audited BSA FY24–25 expenses. As shown in Table 1, the districts are projected to experience billed increases of 27.6% and 22.0%, well above the 10% anticipated.

Table 1 – Comparison of ECSD Nos. 1 and 4 billed amounts and BSA budgets

BSA Fiscal Year	ECSD No. 1		ECSD No. 4		Adopted BSA Budget	
	Billed Amount*	Change from Previous Year	Billed Amount*	Change from Previous Year	Total Amount	Change from Previous Year
25-26	--	--	--	--	\$79,400,000	6.7%
24-25	\$3,764,160	27.6%	\$7,688,766	22.0%	\$74,400,000	6.7%
23-24	\$2,949,081	9.7%	\$6,301,506	20.1%	\$69,750,000	13.4%
22-23	\$2,689,098	23.4%	\$5,247,865	18.5%	\$61,500,000	5.1%

*: bills for industrial surcharges are not included
 --: final bills for BSA FY25-26 are received in FY27

Item 5(b)

Factors Impacting BSA Bills

While the charge formulas include several components, ECSD Nos. 1 and 4 primarily pay a proportional share of actual BSA expenses based on flow. The significant difference between BSA's budget increases and the much larger increases in district bills prompted further investigation. The following is a summary of the BSA's response:

- The BSA's consent judgment with the New York State Department of Environmental Conservation (NYSDEC) requires substantial increases in both capital and operating expenditures.
- The largest driver of increased charges is associated with allocable capital projects, which increased from \$6.2 million during last year's billing cycle to \$14.5 million in this year's billing cycle.
- A lesser factor in the increase in charges is attributed to ECSD Nos. 1 and 4 accounting for a slightly larger proportion of total flow.

The term 'allocable capital projects' used by the BSA include engineering and construction work for BSA system components deemed as serving the districts, whether paid through debt issuance or capital reserves. Debt-funded projects spread costs over many years, with the ECSDs paying a proportional share of the annual principal and interest payments. Capital reserve funded projects, however, are charged within one or two years, causing immediate impacts to district budgets. As the BSA increases its use of reserves, ECSD bills rise accordingly.

FY26 Treatment Bill Deficit

Based on these increases in BSA expenses, Erie County Division of Sewerage Management (ECDSM) accountants estimate FY26 deficits for treatment costs of approximately \$960,000 for ECSD No. 1 and \$720,000 for ECSD No. 4. These deficits would adversely impact the overall sewer district finances and if not mitigated, would likely bring ECSD Nos. 1 and 4 out of alignment with their adopted "Fund Balance Policy". To address these deficits, the ECDSM recommends the following:

- ECSD No. 1 – Transfer \$1,000,000 from capital reserves to the FY26 operational budget (current available reserve balance is approximately \$7.6 million, net of anticipated uses).
- ECSD No. 4 – Transfer \$750,000 from capital reserves to the FY26 operational budget (current available reserve balance is approximately \$4.3 million).
- Both ECSDs – Monitor fund balances during the year to determine whether the budgeted FY26 capital reserve transfers (ECSD No. 1: \$750,000; ECSD No. 4: \$450,000) should proceed.
- Both ECSDs – Monitor operational budget expenses during the year and determine whether to proceed with full encumbrance of programs such as "I&I Repair/Sewer Relining".

FY27 Treatment Bill Projections

The BSA estimates that allocable capital projects within their FY25-26 will increase to approximately \$20 million. Utilizing that information, the ECDSM's engineers and accountants developed projections to address not only the underbudgeted expenses in FY26, but also increases in FY27.

Using the best available information, the ECDSM recommends budgeting \$5,975,000 for ECSD No. 1 and \$9,600,000 for ECSD No. 4 in FY27. These budgeted numbers account for the projected \$20 million in allocable capital projects and approximately 5% increases across other lines. These projections assume the flow proportions between the ECSDs and the BSA will remain the same.

Next Steps

The ECDSM will continue to monitor this matter very closely. The County Attorney's office is reviewing the agreements between the ECSDs and the BSA. One point of interest is the definition of 'allocable capital projects' and the BSA's application of those costs in the various bills.

The BSA has acknowledged billing challenges within the existing agreements and noted that the current structure does not provide predictable revenue or timely cashflow for them. They have expressed willingness to discuss alternatives to the current billing structure, which will be further explored with the County Attorney's Office.

To address the shortfalls related to treatment bills in FY26, enclosed are suggested resolutions recommending transfer of capital reserves for this purpose. I look forward to discussing this matter during the June 2026 Board of Managers meetings.

Encl.

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**RESOLUTION
BOARD OF MANAGERS
ERIE COUNTY SEWER DISTRICT (ECSD) No. 1**

WHEREAS, Buffalo Sewer Authority treatment bills have exceeded budgeted projections in fiscal year 2026 (FY26); and

WHEREAS, additional funds are needed to mitigate against adverse impacts to overall ECSD No. 1 finances; and

WHEREAS, it is recommended that capital reserves be utilized to offset this shortfall in FY26 treatment costs.

NOW, THEREFORE, BE IT

RESOLVED, that the ECSD No. 1 Board of Managers recommends an amount not to exceed \$1,000,000.00 be allocated from capital reserves to the appropriate operational budget account(s) to address this deficit in FY26 treatment costs.

Respectfully submitted,

Mutasem Salah, P.E.
Secretary, Erie County Sewer District No. 1
Board of Managers

MOVED BY: _____

SECONDED BY: _____

APPROVED/DISAPPROVED: _____

DATE: _____

**RESOLUTION
BOARD OF MANAGERS
ERIE COUNTY SEWER DISTRICT (ECSD) No. 4**

WHEREAS, Buffalo Sewer Authority treatment bills have exceeded budgeted projections in fiscal year 2026 (FY26); and

WHEREAS, additional funds are needed to mitigate against adverse impacts to overall ECSD No. 4 finances; and

WHEREAS, it is recommended that capital reserves be utilized to offset this shortfall in FY26 treatment costs.

NOW, THEREFORE, BE IT

RESOLVED, that the ECSD No. 4 Board of Managers recommends an amount not to exceed \$750,000.00 be allocated from capital reserves to the appropriate operational budget account(s) to address this deficit in FY26 treatment costs.

Respectfully submitted,

Nadine Wetzel, P.E.
Secretary, Erie County Sewer District No. 4
Board of Managers

MOVED BY: _____

SECONDED BY: _____

APPROVED/DISAPPROVED: _____

DATE: _____