



**CONESTOGA-ROVERS
& ASSOCIATES**

VILLAGE OF WILLIAMSVILLE AND ERIE COUNTY WATER AUTHORITY WATER SYSTEM CONSOLIDATION STUDY

**Prepared For:
VILLAGE OF WILLIAMSVILLE
WILLIAMSVILLE, NEW YORK**

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1.0 INTRODUCTION/SCOPE

The Village of Williamsville (the "Village") owns and operates its own Water System (the "System"). The Village purchases its water supply in bulk from the Erie County Water Authority (ECWA), while operations and maintenance (O&M) are provided by the Village Public Works Department. Village water rates are somewhat higher than those offered by the ECWA in some surrounding communities. As a result, the Village is considering a potential merger of its System with the ECWA. Several similar mergers have recently been completed and/or are currently underway by other local communities. In some cases such mergers have resulted in reduced operating costs and lower water rates.

The type of merger that the Village is evaluating includes the conversion from bulk water supply to direct service by the ECWA. Ultimately, this would result in the transfer of System ownership to the ECWA and the discontinuation of O&M by the Public Works Department. However, a merger would most likely require a significant capital investment on the part of the Village to bring the System up to current ECWA standards. In fact, the magnitude of required capital investment has deterred the Village from merging with the ECWA in the past. Several studies have previously evaluated a potential merger with the ECWA and identified a significant investment that would be required to bring the System up to ECWA standards. As a result, the economics associated with a merger did not support consolidation. However, due to continued disparity between Village and ECWA water rates, the Village has engaged CRA Infrastructure & Engineering, Inc. (CRA) to re-evaluate the financial viability of entering into a Direct Service agreement with the ECWA.

Towards this end, CRA and the Village developed a Scope of Work (SOW) for the evaluation of a merger. Of primary importance in this evaluation was a preliminary determination of required infrastructure improvements and a projection of the potential financial impacts on System customers. The SOW for the analysis of the potential merger between the Village and ECWA included the following tasks to be completed by CRA:

- Identification of the upgrades required to the Village System in order to meet the System or technical requirements of the ECWA operational specifications.
- Once a preliminary determination is made of the required upgrades to the Village System, an estimate of the cost for these upgrades would be completed.
- A financial analysis using a 10-year analysis period would then be completed to determine the impact of the cost of the required improvements, as well as resulting

operational costs on a Village resident. At the same time, financing alternatives for funding of the capital improvements would also be investigated to determine their impact on the overall financial impact to Village residents.

- If the Village determined that advancing the merger would be beneficial to Village residents, a plan would be developed in conjunction with the ECWA to complete the necessary improvements to the Village Water System.
- Lastly, CRA would assist in developing a draft Memorandum of Understanding for use by the Village in their discussions with the ECWA.

2.0 PRELIMINARY INVESTIGATION

2.1 DATA COLLECTION

CRA is currently retained as the Village engineer. In this capacity CRA maintains records for much of the Village Water System. Using this information, as well as data from previous studies, CRA performed a preliminary analysis to collect and tabulate the relevant System information. This data collection included pipe size, type, location and length, mains located on private property, main break history, hydrant inventory, and properties with multiple services or meters. Village personnel reviewed this information for accuracy and provided updated information where appropriate. A summary of the data collected for submission to the ECWA can be found in Appendix A. Table 2.1 below includes existing Village Water System pipe size, type, and length information.

TABLE NO. 2.1
EXISTING PIPE DATA

<i>Pipe Type</i>	<i>Length of Pipe by Size (feet)</i>						<i>Totals</i>
	<i>3-inch</i>	<i>4-inch</i>	<i>6-inch</i>	<i>8-inch</i>	<i>10-inch</i>	<i>12-inch</i>	
Ductile Iron	210	508	7,722	45,783	9,113	2,728	66,064
Cast Iron		1,944	31,366	6,277	4,269	1,669	45,525
PVC				752			752
Totals	210	2,452	39,088	52,812	13,382	4,397	112,341
Percentage	0.2%	2.2%	34.8%	47.0%	11.9%	3.9%	

2.2 NEW INFRASTRUCTURE REQUIREMENTS

Prior to assuming the operational responsibilities of municipal systems, certain system upgrades are required by the ECWA. ECWA has prepared a document listing these and other requirements for these types of mergers. A copy of this document can be found in Appendix B.

The new infrastructure requirements for this project were developed by CRA with input from the Village and ECWA, previous merger studies, and ECWA's written requirements. In determining the necessary infrastructure improvements and preparing this estimate, every effort was made to include as much detail as possible. However, it is anticipated that ECWA will review system information and may conduct field

inspections. The ECWA's formal review and possible field inspections may identify additional infrastructure that they require to be upgraded. To account for this possibility, allowances and contingencies have been added to the estimate. As an agreement with ECWA is prepared and they finalize their new infrastructure requirements, cost for specific infrastructure items may replace many of the infrastructure allowances and some of the construction contingencies.

The projected cost of infrastructure upgrades is detailed in Table No. 2.2. The unit costs shown in the table have been determined using several sources including supplier and contractor estimates and bidding information from recent construction projects completed locally by CRA. The following is a brief description of the items included in the estimate.

Item 1 - Piping - This item is for the replacement of pipe in the Village System having a diameter of less than 6 inches. This is in accordance with ECWA requirements. Based on information provided by ECWA, the smaller pipe would be replaced with ductile iron pipe having a minimum diameter of 8 inches.

Item 2 - Improvement for Fire Flows - Previous studies have determined that several areas of the Village have insufficient fire flows. Over the intervening years, several of these areas have been improved through the installation of new - larger or improved - pipe. The quantity shown would be for the replacement of pipe in those areas not yet improved.

Item 3 - Connection to Adjacent ECWA System - The Village Water System currently has several connections to the ECWA system that allows for ECWA to supply water for wholesale purchase by the Village. If a merger occurs, several additional connections can be made to improve flow through the Village piping network. This item represents the costs necessary for these connections.

Item 4 - Water Service Connections to New Mains - This item represents an assumed quantity of services that would be connected to new mains. The services would be disconnected from the old main and reconnected to the new one in all areas of pipe replacement.

Item 5 - Abandonment of Waterline - This is the cost to abandon those waterlines being replaced.

Item 6 - Furnish and Install Hydrant Assemblies - This cost represents replacement of hydrants that were preliminarily determined by ECWA that require replacement. Prior

to final implementation of the direct service agreement, ECWA staff will review in more detail the information submitted by the Village, and could perform field investigations. As a result, additional hydrants may require replacement.

Item 7 - Radio Read Meters - Radio read meter installation is one of the specific ECWA requirements for implementation of the merger. ECWA requires that the meter be replaced and fitted with radio read equipment. ECWA has informed CRA that radio read meter equipment can be purchased from the ECWA at their cost without any markup. However, Williamsville would be responsible for the installation.

Item 8 - Meter Pits - ECWA requires installation of a meter pit at properties having a service connection greater than 150 feet from the curb box. These items represent the cost for installation of these meter pits. Normally, the material and installation cost would be borne by the property owner. However, in an effort to move this project forward, the costs have been included in the estimate. The Village Board of Trustees will address this issue specifically if the project moves closer to implementation.

Item 9 - Allowance for new easements - Village Staff are currently investigating the accessibility of several mains that are located on private property. This item provides an allowance for cost of acquiring easements in the event there are none currently in place.

Item 10 - Allowance for Pipe Replacement, Leak Repair, etc. - Since ECWA will perform their own analysis and field investigations to determine the new infrastructure requirements, the total scope of projects may not be fully known at this time. This item provides an allowance for other costs not known at this time. Although this item provided for a variety of possible improvements, it represents the cost of approximately 3,000 feet of new pipe installation and 10 additional hydrants.

New infrastructure improvements have been detailed to the extent possible based on review of the ECWA requirements and through discussions with ECWA personnel. However, these could change based on the field investigations performed by ECWA personnel or due to unforeseen conditions found during construction. To account for these contingencies, a standard allowance of 15 percent has been included to address these issues.

TABLE NO. 2.2
ESTIMATED COST OF PROJECTED CAPITAL IMPROVEMENTS

<i>No.</i>	<i>Description</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Total</i>
1	Furnish and Install 8-inch pipe	2,700	LF	\$100	\$270,000
2	Improvements for Fire Flows	1,950	LF	\$100	195,000
3	Connection to adjacent ECWA System	2,000	LF	\$100	200,000
4	Water Service Reconnections for New Mains	120	EA	\$700	84,000
5	Abandonment of Waterline	1	LS	\$10,000	10,000
6	Furnish and Install Hydrant Assemblies	20	EA	\$7,400	148,000
7	Radio Read Meters	2,016	EA	\$500	1,008,000
8	Meter Pits	10	EA	\$2,000	20,000
9	Allowance for New Easements	1	LS	\$20,000	20,000
10	Allowance for additional pipe replacement, potential leak repair, dead end pipe connections, pipe relocations, and service re-piping/replacement	1	LS	\$375,000	375,000
	Total Before Contingency and Engineering Allowance				\$ 2,330,000
	Estimated Construction Contingency 15%				350,000
	Subtotal before Administrative Allowance				\$2,680,000
	Allowance for Engineering, Legal, and Administrative 20%				540,000
	Total Estimated Cost for New Infrastructure				\$3,300,000

Note: Due to the preliminary nature of this estimate, all items above the Total Before Contingency and Engineering Allowance have been rounded to the nearest \$1,000; all others have been rounded to the nearest \$10,000.

3.0 FINANCIAL IMPACTS TO CUSTOMERS

The primary purpose of the potential merger between the Village Water System and the ECWA would be to reduce the cost of water to Village water customers. In order to evaluate the potential for cost reduction, CRA performed a financial analysis for a 10-year period to determine the financial impacts to the customers. A primary driver of this cost reduction is through a potential reduction or mitigation of water rate increases. However, several other factors are involved in determining the financial impacts to these customers. The basic formulation for calculation of the net cost or savings the Village may achieve as a result of the merger was determined as follows:

- Total Projected Status Quo Village Water System Costs
- Continuing Budgetary Costs
- New Costs to Customers and the Village
- = The Net Savings/Cost as a result of Merger

3.1 VILLAGE WATER SYSTEM COSTS UNDER STATUS QUO

Total water system costs to current Village customers is also termed Status Quo costs. Table No. 3.1 after the text presents the 10-year forecast of the status quo costs. The 10-year forecast was developed by reviewing actual and budgeted expenses from fiscal years 2008 through 2011. Based on these budgeted and actual figures, a base year value was assumed for each budgeted expense and this value was inflated using assumed annual inflation rates. The largest of these expenses is for water purchased from ECWA, accounting for approximately 60 percent of total expenses.

3.2 VILLAGE WATER SYSTEM COSTS UNDER MERGED SCENARIO

Following the determination of Status Quo cost projections, the net savings opportunity was calculated by comparing the Status Quo with the costs associated with a merged scenario. The merged scenario costs were determined by projecting several different cost categories including:

- Continuing Operations Expenses
- Continuing Debt Service Costs
- New Debt Service Costs
- Projected ECWA Rates for Retail Water Service

3.2.1 CONTINUING OPERATIONS EXPENSES

Although it is expected that many water fund expenses would be eliminated under a merger with the ECWA due to the work structure of the Village, some water fund expenses, primarily allocated personnel expenses, would continue. This continuation of personnel costs would be a result of a decrease, but not complete removal, of the DPW's workload. It has been assumed, for the purpose of this analysis, that expenses related to one full-time equivalent position and the associated benefits would be eliminated through attrition as a result of this merger. Furthermore, continuing wages and benefits previously allocated to the water fund would likely be paid for from the General fund. The expenses that are assumed to continue are included in Table No. 3.2 below. The project net impact from the merger is provided in Table No. 3.3 following the text.

TABLE NO. 3.2
CONTINUING WATER FUND EXPENSES

<i>Description</i>
Water Administration Personal Services
Water Transmission Personal Services
Repairs - Equipment
Provision for Longevity
State Retirement
Social Security
Workers' Compensation
Disability Insurance
Hospital and Medical Insurance
Dental Insurance

3.2.2 CONTINUING AND NEW DEBT

The financial analysis of the Village water fund found outstanding bond debt and bond anticipation notes that have been issued to raise funds to pay for water system improvements. Customers of the System would continue to make debt service payments on such bonds regardless of the outcome of the potential merger. Based on current debt schedules provided by the Village, existing debt is projected to decrease from \$140,213 in fiscal year 2011 to \$85,400 in 2021. However, it is expected that if the merger is not implemented, the issuance of new debt would be required for necessary

system improvements and have to be paid for by Village Water System customers. It was assumed, for the purposes of this report, that new infrastructure requirements under a Status Quo condition would be the same as those required under a merger with ECWA. It was also assumed that financing costs would be the same. An explanation of these financing costs is included in the following section. Based on discussions with Village personnel, it was assumed that the Status Quo infrastructure improvements would be implemented in year 5 of the analysis.

3.2.3 NEW INFRASTRUCTURE FINANCING

There are two primary sources for financing: issuance of debt, or grants from a federal or state agency. Due to the economy in New York, it is unlikely that a grant would be available to fully or partially fund the new infrastructure for this project. Three types of debt issuance financing could be available: municipal bond, low or preferred interest rate financing, or subsidized financing.

Based on current market information, it is anticipated that debt having a term of 20 years at an interest rate of approximately 4 percent could be issued to finance the new infrastructure. The other types of financing considered may be available from the New York State Environmental Facilities Corporation (EFC). EFC has established a scoring system to determine which projects meet requirements for subsidized financing. A community would be required to submit a project for scoring based on the scoring criteria established by EFC. Depending on the number of projects and the funds available, a subsidized funding score is selected. All projects having a score above that funding score have the opportunity for subsidized financing. Those projects below the funding line may still apply for financing through EFC at preferred AAA interest rates.

Based on CRA's experience with these types of projects, it is unlikely, due to the improvements required, that EFC or other subsidized funding alternatives would be available to the Village. Therefore, new infrastructure financing was calculated using market rate financing information. Thus, the annual debt payment was estimated to be \$243,000. This would likely be paid for by water customers in the Village as a surcharge on their water bill under a merged scenario. Table 3.3 following the text provides a table of the projected surcharge for debt repayment. This includes expenses related to existing debt service.

3.2.4 PROJECTED ECWA RATES AND OTHER WATER RELATED COSTS PAID BY CUSTOMERS

An important element of determining the net savings or costs to Village residents was to forecast a typical Village customer's water bill using the ECWA rate structure. In order to understand the differences that would lead to the costs or savings to a Village customer, a comparison of the two rate structures is presented in Table No. 3.4.

TABLE NO. 3.4
ECWA AND VILLAGE RATE STRUCTURE

<i>Description</i>	<i>ECWA</i>	<i>Williamsville</i>
Minimum Charge	<ul style="list-style-type: none"> • Yes • Based on meter size • 5/8-inch meter is 9,000 gallons or less quarterly • Monthly charge is 1/3 of the quarterly charge 	<ul style="list-style-type: none"> • Yes • 4,000 gallons or less • Not based on meter size • Do not distinguish between quarterly and monthly usage
Usage	<ul style="list-style-type: none"> • Tiered billing, if total usage over minimum • Monthly usage tiers are 1/3 of quarterly tiers • Rate at each tier does not vary by meter size 	<ul style="list-style-type: none"> • Flat rate billing, if total usage over minimum
Summer surcharge	<ul style="list-style-type: none"> • Yes • Usage in excess of 120% of the winter bill 	<ul style="list-style-type: none"> • None

Based on usage data provided by the Village for fiscal year 2010, CRA developed a model to forecast metered sales under the ECWA rate structure. This model was also used to compare typical bills for different usage levels under each rate structure. The model was based on the following assumptions:

- Minimum billing is an element of the ECWA rate structure and is based on the customer's meter size. For 5/8-inch and 3/4-inch meters the quarterly rate is

\$26.64 and \$35.52 respectively. To simplify the model, a conservative average minimum bill of \$28 on a quarterly basis and \$9 on a monthly basis was used to represent the majority of meter sizes in the Village.

- Water usage would decrease at a 1-percent rate per year from fiscal year 2010 levels.
- ECWA rates would increase at a rate of 2.85 percent per year comparable to average historical increases between 1996 and 2010.

In addition to the usage charges included in the ECWA customers' costs, there is also a hydrant charge that would be charged to the community. This fee would be charged on a per hydrant basis. The estimated annual fee was calculated using a hydrant rate of \$229.08 per hydrant for 191 hydrants, and was projected to be approximately \$45,000 annually. Although it would not be charged to the individual customer, it nevertheless would impact the customer through the recovery of this fee in property taxes (refer to Table 3.7).

3.3 SUMMARY OF FINANCIAL IMPACTS TO CUSTOMERS

Table No. 3.5 provides the net impact to the community and allows those evaluating the potential implementation of a merger to understand how the merger would impact the Village as a whole. However, the impact to individual customers is also very important when evaluating a potential merger.

ECWA uses a tiered rate structure for billing its customers, and its minimum usage level is based on meter size. Conversely, the Village uses a flat rate structure with one minimum usage level regardless of meter size. At all levels of the ECWA tier rate structure, the rate per 1,000 gallons is less than that of the Village flat rate. However, the ECWA minimum usage level for all meter sizes is higher than the minimum usage levels for the Village. Consequently, the minimum charge for the Village is less than that for ECWA. This difference would impact approximately 37 percent of users billed on a quarterly cycle. Nevertheless, most customers would see a savings (before any surcharge) in their water bill under the ECWA rate structure. It is important to note that although the ECWA rate is currently less than the Village rate, a surcharge for debt repayment would likely be added to cover the additional cost necessary to achieve a merger.

Following the text of the report, several tables are provided that summarize the potential impacts to Village residents. Table 3.6 provides a comparison between the projected rates of the Village and ECWA. As this table illustrates, the minimum bill for the Village is less than that for the ECWA. However, the rates for usage above the minimum are significantly less under the ECWA structure than for the Village structure. Table 3.7 summarizes the impacts to property taxes that would be realized by a typical homeowner over several assessed property values.

Lastly, Table No. 3.8 provides a comparison of the two rate structures over several usage ranges. The comparison table shows that customers currently paying the minimum bill under the Village structure would see an increase in their bills while all other usage ranges would observe a decrease in their bills.

4.0 CONCLUSIONS

On an overall basis, considering new infrastructure financing costs and continuing Village expenses, the forecasts show that there is limited potential for short-term savings. In the longer term as debt is retired and other continuing costs are reduced, the savings potential is greater.

Based on the assumption for this analysis that one full-time equivalent position would be eliminated through attrition, in the short term, the analysis shows that forecasted continuing operational costs are less than that realized from the lower water rates charged by ECWA by approximately \$70,000. If the projected new infrastructure is required by the ECWA and annual financing costs are added, a significant cost increase to the System customers is projected. In the long term, however, there is greater opportunity for savings in three areas including:

- Reduction to continuing budgetary costs
- Retirement of debt
- Future infrastructure financing

For purposes of this analysis, the continuing cost projections presume that there will be a reduction of one full-time equivalent position through attrition. There may also be other opportunities over time to reduce some other continuing costs. Conceptually, the operational efforts that are now required to run the System would be assumed by the ECWA and thereby reduce the demands on Village Staff.

A second long term opportunity for savings includes the eventual retirement of outstanding debt. If the System is merged with the ECWA, the Village would benefit from any debt that is retired by way of reduced budgetary requirements.

Third, new infrastructure financing is projected to add a significant cost to customers whether under a merged scenario or Status Quo scenario. However, under a merged scenario, future infrastructure improvements (beyond what is needed to achieve the merger) would be included at the lower ECWA rate. Conversely, additional infrastructure improvements under Status Quo would continually add to the costs of System customers.

The savings noted above are shown on an individual customer basis in Table No. 3.8. In this table a comparison is made between the status quo costs and merged over several usage ranges. Included with the merged costs are the projected additional property tax and debt costs resulting from the merger. In all but the lowest usage ranges, annual

savings are projected in year 6 even when accounting for property and debt impacts. In the lowest usage range, less than 4,000 gallons per quarter, cost increases are projected to be approximately \$100 per year. For those users between 4,000 and 9,000 gallons, a cost increase of about \$55 per year is projected from years 1 to 5, then decrease to about \$20 per year beginning in year 6. These accounts represent approximately 38 percent of all Village customers.

In all other usage ranges representing 62 percent of Village customers, savings are projected to be realized beginning in year 6. Customers with annual usage between 9,000 gallons and 50,000 gallons per year could experience an increase between \$60 and \$80 in year 1 of the merger. However, these customers are projected to begin realizing savings of between \$11 and \$95 in year 6, increasing to between approximately \$20 and \$120 per year in year 10 of the analysis.

Finally, based on discussions with ECWA personnel, it is anticipated that implementation of this merger could occur in 2012 or thereafter. Currently, the ECWA is working on several other potential mergers which are projected to be completed by the end of 2011. It is the ECWA's preference not to complete more than one such consolidation simultaneously such that its and the community's resources are strained and all important factors are properly managed.

TABLES

TABLE NO. 3.1
WILLIAMSVILLE WATER FUND EXPENSES

Dept.	Acct No.	Item Description	Actual				Budget		Status Quo Projections									
			2008	2009	2010	2011	Base Year Projection	Inflation Factor	2012	2013	2014	2015	2016	2017	2018			
		Miscellaneous																
1910	4000	Unallocated Insurance	\$ 8,090	\$ 7,905	\$ 6,765	\$ 7,100	\$ 7,500	3%	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	\$ 8,695	\$ 8,955	\$ 9,224			
1920	4000	Municipal Association Dues	168	173	178	200	180	3%	185	191	197	203	209	215	221			
1990	4000	Contingency Account	-	-	-	15,651	15,000	3%	15,450	15,914	16,391	16,883	17,389	17,911	18,448			
1991	4000	Provis. For Longevity/Salary Incr.	500	405	438	450	450	0%	450	450	450	450	450	450	450			
		8310 Water Administration																
1000		Personal Services	38,820	38,641	38,775	36,212	37,000	3%	38,110	39,253	40,431	41,644	42,893	44,180	45,505			
1001		Personal Services - Overtime	11	-	-	-	-	3%	-	-	-	-	-	-	-			
4160		Professional Fees	2,136	1,646	2,000	2,001	2,000	3%	2,060	2,122	2,185	2,251	2,319	2,388	2,460			
		8340 Water Transmission																
1000		Personal Services	48,810	44,150	53,544	51,681	52,000	3%	53,560	55,167	56,822	58,526	60,282	62,091	63,953			
1001		Personal Services - Overtime	919	992	4,037	2,000	2,000	3%	2,060	2,122	2,185	2,251	2,319	2,388	2,460			
2000		Equipment	11,463	-	-	4,500	4,000	3%	4,120	4,244	4,371	4,502	4,637	4,776	4,919			
2010		Meters	5,179	3,702	3,573	3,000	3,500	3%	3,605	3,713	3,825	3,939	4,057	4,179	4,305			
4010		Office Supplies	1,167	324	775	750	750	3%	773	796	820	844	869	896	922			
4020		Postage	4,197	4,468	4,794	4,500	4,500	3%	4,635	4,774	4,917	5,065	5,217	5,373	5,534			
4030		Printing and Advertising	768	817	841	800	800	3%	824	849	874	900	927	955	984			
4040		Education Exp/Travel	835	8	4	1,000	900	3%	927	955	983	1,013	1,043	1,075	1,107			
4070		Utilities	727	656	667	800	1,000	3%	1,030	1,061	1,093	1,126	1,159	1,194	1,230			
4101		Engineer	-	-	-	500	500	3%	515	530	546	563	580	597	615			
4102		Leak Detection	-	3,400	4,800	5,000	5,000	3%	5,150	5,305	5,464	5,628	5,796	5,970	6,149			
4110		Service Contracts	1,645	1,543	1,651	1,750	1,700	3%	1,751	1,804	1,858	1,913	1,971	2,030	2,091			
4120		Bond and Note Expense	-	-	981	-	-		-	-	-	-	-	-	-			
4160		Repairs - Lines	2,533	8,927	17,672	15,000	12,000	3%	12,360	12,731	13,113	13,506	13,911	14,329	14,758			
4161		Repairs - Equipment	-	104	801	250	1,000	3%	1,030	1,061	1,093	1,126	1,159	1,194	1,230			
4163		Repair - Valves	425	32	467	750	800	3%	824	849	874	900	927	955	984			
4165		Paint Hydrants	117	-	-	100	100	3%	103	106	109	113	116	119	123			
4260		Maintenance Supplies	213	1,353	1,416	500	500	3%	515	530	546	563	580	597	615			
4450		Miscellaneous	50	18	-	-	50	3%	52	53	55	56	58	60	61			
4500		Water Testing	3,823	1,602	1,060	3,000	3,000	3%	3,090	3,183	3,278	3,377	3,478	3,582	3,690			
4600		Hydrant Overhauling	-	214	-	500	500	3%	515	530	546	563	580	597	615			
		Employee Benefits																
9010	8000	State Retirement	6,881	4,977	5,568	9,150	9,200	6%	9,752	10,337	10,957	11,615	12,312	13,050	13,833			
9030	8000	Social Security	6,754	6,442	7,422	6,877	6,900	3%	7,107	7,320	7,540	7,766	7,999	8,239	8,486			
9040	8000	Worker's Compensation	4,059	3,633	4,143	5,500	5,500	5%	5,775	6,064	6,367	6,685	7,020	7,371	7,739			
9055	8000	Disability Insurance	33	45	39	50	75	3%	77	80	82	84	87	90	92			
9060	8000	Hospital and Medical Insurance	11,621	12,309	12,354	15,000	15,000	12%	16,800	18,816	21,074	23,603	26,435	29,607	33,160			
9061	8000	Dental Insurance	1,056	1,099	1,130	1,600	1,600	5%	1,680	1,764	1,852	1,945	2,042	2,144	2,251			
		Total Operations Expense	\$ 163,000	\$ 149,585	\$ 175,895	\$ 196,172			\$ 202,610	\$ 210,628	\$ 219,094	\$ 228,043	\$ 237,516	\$ 247,557	\$ 258,217			
		8320 Water Supply																
4000		Contractual - Purchase of Water	540,083	505,375	524,844	543,983			522,153	531,664	541,349	551,209	561,250	571,473	581,882			
		Total Operations Expense plus Water Purchase	703,083	654,960	700,739	740,155			\$ 724,763	\$ 742,292	\$ 760,443	\$ 779,252	\$ 798,766	\$ 819,030	\$ 840,099			
		Capital and Debt																
9730	7000	BAN - Interest	-	-	2,647	1,590	2,000	0%	2,000	2,000	2,000	2,000	2,000	2,000	2,000			
9903	9000	Transfer to Debt Service	210,000	201,874	172,271	140,213	NA	0%	135,888	116,947	113,366	85,425	83,125	80,775	78,375			
9950	9000	Transfer to Capital	-	12,414	7,250	8,750	8,750	0%	8,750	8,750	8,750	8,750	8,750	8,750	8,750			
		New Debt Service	-	-	-	-	NA	0%	-	-	-	-	-	221,000	221,000			
		Total Expenses	\$ 913,083	\$ 869,248	\$ 882,907	\$ 890,708			\$ 871,401	\$ 869,989	\$ 884,559	\$ 875,427	\$ 892,641	\$ 1,131,555	\$ 1,150,224			

TABLE NO. 3.5
PROJECTED NET FINANCIAL IMPACT OF MERGER

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Estimated Status Quo Costs										
Projected O&M and Existing Debt Costs	\$ 871,401	\$ 869,989	\$ 884,559	\$ 875,427	\$ 892,641	\$ 910,555	\$ 929,224	\$ 948,705	\$ 978,963	\$ 1,004,892
Total Status Quo Costs	\$ 871,401	\$ 869,989	\$ 884,559	\$ 875,427	\$ 892,641	\$ 910,555	\$ 929,224	\$ 948,705	\$ 978,963	\$ 1,004,892
Total Estimated Rate Costs Under Merged Scenario										
Total Customer Cost of Water from ECWA Rates	\$ 541,507	\$ 552,984	\$ 564,690	\$ 576,659	\$ 588,953	\$ 601,499	\$ 614,298	\$ 627,341	\$ 640,701	\$ 654,314
Public Fire Protection (ECWA Hydrant Fees)	43,754	43,754	43,754	43,754	43,754	43,754	43,754	43,754	43,754	43,754
Total Merged Rate Costs	\$ 585,261	\$ 596,738	\$ 608,444	\$ 620,413	\$ 632,707	\$ 645,253	\$ 658,052	\$ 671,095	\$ 684,455	\$ 698,068
Estimated Continuing Operational Costs Under Merged Scenario										
Water Admin Personal Services	\$ 38,110	\$ 39,253	\$ 40,431	\$ 41,644	\$ 42,893	\$ 44,180	\$ 45,505	\$ 46,870	\$ 48,277	\$ 49,725
Water Transmission Personal Services	53,560	55,167	56,822	58,526	60,282	62,091	63,953	65,872	67,848	69,884
Repairs Equipment (8340.4161)	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344
<u>Benefits not included in Personal Services:</u>										
Provision for Longevity	450	450	450	450	450	450	450	450	450	450
State Retirement	9,752	10,337	10,957	11,615	12,312	13,050	13,833	14,663	15,543	16,476
Social Security	7,107	7,320	7,540	7,766	7,999	8,239	8,486	8,741	9,003	9,273
Workman's Compensation	5,775	6,064	6,367	6,685	7,020	7,371	7,739	8,126	8,532	8,959
Disability Insurance	77	80	82	84	87	90	92	95	98	101
Hospital and Medical Insurance	16,800	18,816	21,074	23,603	26,435	29,607	33,160	37,139	41,596	46,588
Dental Insurance	1,680	1,764	1,852	1,945	2,042	2,144	2,251	2,364	2,482	2,606
Subtotal of Continuing Operational Costs	134,341	140,312	146,668	153,444	160,679	168,416	176,701	185,588	195,134	205,405
Less:										
Projected Impact from Personnel Adjustments (Salary of \$42,500 and benefits of \$12,750 in 2011)	\$ 56,908	\$ 58,615	\$ 60,373	\$ 62,184	\$ 64,050	\$ 65,971	\$ 67,951	\$ 69,989	\$ 72,089	\$ 74,251
Total Merged Continuing O&M Costs	\$ 77,434	\$ 81,697	\$ 86,294	\$ 91,260	\$ 96,629	\$ 102,444	\$ 108,751	\$ 115,599	\$ 123,045	\$ 131,154
Existing Debt Service Costs:										
BAN Principle	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750
BAN Interest	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer to Debt Service Fund	135,888	116,947	113,366	85,425	83,125	80,775	78,375	75,925	83,325	85,400
Total Existing Debt Costs	\$ 137,888	\$ 118,947	\$ 115,366	\$ 87,425	\$ 85,125	\$ 82,775	\$ 80,375	\$ 77,925	\$ 85,325	\$ 87,400
Total Net Savings (Cost) Without New Infrastructure Financing	\$ 70,818	\$ 72,607	\$ 74,454	\$ 76,329	\$ 78,179	\$ 80,083	\$ 82,046	\$ 84,086	\$ 86,137	\$ 88,271
New Infrastructure Estimated Financing Costs										
Status Quo (Investment Beginning Year 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000
Merged Scenario	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000
Total Net Savings (Cost) from New Infrastructure	\$ (243,000)	\$ (243,000)	\$ (243,000)	\$ (243,000)	\$ (243,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Savings (Cost) to Village Including New Infrastructure	\$ (172,182)	\$ (170,393)	\$ (168,546)	\$ (166,671)	\$ (164,821)	\$ 80,083	\$ 82,046	\$ 84,086	\$ 86,137	\$ 88,271

TABLE NO. 3.3
PROJECTED SURCHARGE FOR DEBT REPAYMENT

<i>Year</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Projected Water Usage (000's of gallons)	163,615	162,365	161,119	159,887	158,683	157,484	156,291	155,112	153,938	152,764
Projected Annual Debt Payments	\$ 380,888	\$ 361,947	\$ 358,366	\$ 330,425	\$ 328,125	\$ 325,775	\$ 323,375	\$ 320,925	\$ 328,325	\$ 330,400
Projected Surcharge for Debt Repayment (per 1,000 gallons)	\$ 2.33	\$ 2.23	\$ 2.22	\$ 2.07	\$ 2.07	\$ 2.07	\$ 2.07	\$ 2.07	\$ 2.13	\$ 2.16

TABLE NO. 3.5
PROJECTED NET FINANCIAL IMPACT OF MERGER

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Estimated Status Quo Costs										
Projected O&M and Existing Debt Costs	\$ 871,401	\$ 869,989	\$ 884,559	\$ 875,427	\$ 892,641	\$ 910,555	\$ 929,224	\$ 948,705	\$ 978,963	\$ 1,004,892
Total Status Quo Costs	\$ 871,401	\$ 869,989	\$ 884,559	\$ 875,427	\$ 892,641	\$ 910,555	\$ 929,224	\$ 948,705	\$ 978,963	\$ 1,004,892
Total Estimated Rate Costs Under Merged Scenario										
Total Customer Cost of Water from ECWA Rates	\$ 541,507	\$ 552,984	\$ 564,690	\$ 576,659	\$ 588,953	\$ 601,499	\$ 614,298	\$ 627,341	\$ 640,701	\$ 654,314
Public Fire Protection (ECWA Hydrant Fees)	43,754	43,754	43,754	43,754	43,754	43,754	43,754	43,754	43,754	43,754
Total Merged Rate Costs	\$ 585,261	\$ 596,738	\$ 608,444	\$ 620,413	\$ 632,707	\$ 645,253	\$ 658,052	\$ 671,095	\$ 684,455	\$ 698,068
Estimated Continuing Operational Costs Under Merged Scenario										
Water Admin Personal Services	\$ 38,110	\$ 39,253	\$ 40,431	\$ 41,644	\$ 42,893	\$ 44,180	\$ 45,505	\$ 46,870	\$ 48,277	\$ 49,725
Water Transmission Personal Services	53,560	55,167	56,822	58,526	60,282	62,091	63,953	65,872	67,848	69,884
Repairs Equipment (8340.4161)	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344
<u>Benefits not included in Personal Services:</u>										
Provision for Longevity	450	450	450	450	450	450	450	450	450	450
State Retirement	9,752	10,337	10,957	11,615	12,312	13,050	13,833	14,663	15,543	16,476
Social Security	7,107	7,320	7,540	7,766	7,999	8,239	8,486	8,741	9,003	9,273
Workman's Compensation	5,775	6,064	6,367	6,685	7,020	7,371	7,739	8,126	8,532	8,959
Disability Insurance	77	80	82	84	87	90	92	95	98	101
Hospital and Medical Insurance	16,800	18,816	21,074	23,603	26,435	29,607	33,160	37,139	41,596	46,588
Dental Insurance	1,680	1,764	1,852	1,945	2,042	2,144	2,251	2,364	2,482	2,606
Subtotal of Continuing Operational Costs	134,341	140,312	146,668	153,444	160,679	168,416	176,701	185,588	195,134	205,405
Less:										
Projected Impact from Personnel Adjustments (Salary of \$42,500 and benefits of \$12,750 in 2011)	\$ 56,908	\$ 58,615	\$ 60,373	\$ 62,184	\$ 64,050	\$ 65,971	\$ 67,951	\$ 69,989	\$ 72,089	\$ 74,251
Total Merged Continuing O&M Costs	\$ 77,434	\$ 81,697	\$ 86,294	\$ 91,260	\$ 96,629	\$ 102,444	\$ 108,751	\$ 115,599	\$ 123,045	\$ 131,154
Existing Debt Service Costs:										
BAN Principle	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750	\$ 8,750
BAN Interest	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer to Debt Service Fund	135,888	116,947	113,366	85,425	83,125	80,775	78,375	75,925	83,325	85,400
Total Existing Debt Costs	\$ 137,888	\$ 118,947	\$ 115,366	\$ 87,425	\$ 85,125	\$ 82,775	\$ 80,375	\$ 77,925	\$ 85,325	\$ 87,400
Total Net Savings (Cost) Without New Infrastructure Financing	\$ 70,818	\$ 72,607	\$ 74,454	\$ 76,329	\$ 78,179	\$ 80,083	\$ 82,046	\$ 84,086	\$ 86,137	\$ 88,271
New Infrastructure Estimated Financing Costs										
Status Quo (Investment Beginning Year 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000
Merged Scenario	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000
Total Net Savings (Cost) from New Infrastructure	\$ (243,000)	\$ (243,000)	\$ (243,000)	\$ (243,000)	\$ (243,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Savings (Cost) to Village Including New Infrastructure	\$ (172,182)	\$ (170,393)	\$ (168,546)	\$ (166,671)	\$ (164,821)	\$ 80,083	\$ 82,046	\$ 84,086	\$ 86,137	\$ 88,271

TABLE NO. 3.6
PROJECTED RATE COMPARISON AND DEBT SURCHARGE

PROJECTED WATER RATES
(Per 1,000 gallons)

<i>Year</i>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>Williamsville</i> <i>(calculated to recover expenses)</i>	\$ 5.18	\$ 5.23	\$ 5.37	\$ 5.37	\$ 5.53	\$ 7.13	\$ 7.32	\$ 7.52	\$ 7.80	\$ 8.05
<i>Minimum Bill</i> <i>(Usage Less than or equal to 4,000 gallons)</i>	\$ 20.74	\$ 20.91	\$ 21.49	\$ 21.47	\$ 22.13	\$ 28.51	\$ 29.28	\$ 30.09	\$ 31.20	\$ 32.21
<i>ECWA (assume inflation of 2.85%)</i>										
<i>Minimum Bill</i> <i>(Usage Less than or equal to 9,000 gallons*)</i>	\$ 28.18	\$ 28.98	\$ 29.81	\$ 30.66	\$ 31.53	\$ 32.43	\$ 33.36	\$ 34.31	\$ 35.28	\$ 36.29
<i>Usage Less than or equal to 300,000 gallons</i>	\$ 3.13	\$ 3.22	\$ 3.31	\$ 3.41	\$ 3.50	\$ 3.60	\$ 3.71	\$ 3.81	\$ 3.92	\$ 4.03
<i>Usage Less than or equal to 1,950,000 gallons</i>	\$ 2.78	\$ 2.86	\$ 2.94	\$ 3.03	\$ 3.11	\$ 3.20	\$ 3.29	\$ 3.39	\$ 3.48	\$ 3.58

*5/8-inch meter

TABLE NO. 3.7
PROJECTED PROPERTY TAX IMPACTS FROM MERGER

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Projected Continuing Cost Impacts										
Merged Continuing O&M Costs	\$ 77,434	\$ 81,697	\$ 86,294	\$ 91,260	\$ 96,629	\$ 102,444	\$ 108,751	\$ 115,599	\$ 123,045	\$ 131,154
Hydrant Fee	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754	\$ 43,754
Village Assessed Value	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000	\$ 373,651,000
Property Tax Impact per \$1,000 of Assessed Value										
O&M Expenses	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.29	\$ 0.31	\$ 0.33	\$ 0.35
Hydrant Fee	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.12
Total Property Tax Impact	\$ 0.32	\$ 0.34	\$ 0.35	\$ 0.36	\$ 0.38	\$ 0.39	\$ 0.41	\$ 0.43	\$ 0.45	\$ 0.47
Annual Projected Tax Impact for a Typical Home										
Home Value:										
\$100,000	\$ 32.43	\$ 33.57	\$ 34.80	\$ 36.13	\$ 37.57	\$ 39.13	\$ 40.81	\$ 42.65	\$ 44.64	\$ 46.81
\$150,000	\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
\$200,000	\$ 64.87	\$ 67.15	\$ 69.61	\$ 72.27	\$ 75.14	\$ 78.25	\$ 81.63	\$ 85.29	\$ 89.28	\$ 93.62
\$250,000	\$ 81.08	\$ 83.94	\$ 87.01	\$ 90.33	\$ 93.93	\$ 97.82	\$ 102.04	\$ 106.62	\$ 111.60	\$ 117.03

TABLE NO. 3.8
PROJECTED TYPICAL ANNUAL CUSTOMER/PROPERTY OWNER COST COMPARISON
STATUS QUO VS. MERGED

Quarterly Usage Range (1,000 gal)	No. of Accounts in FY 09-10		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Less than or equal to 4	247	Ave. Annual Usage	9	9	9	9	9	9	9	9	9	9
Percentage of Total Customers	13%	Status Quo Cost	\$ 82.95	\$ 83.65	\$ 85.95	\$ 85.90	\$ 88.52	\$ 114.03	\$ 117.12	\$ 120.35	\$ 124.78	\$ 128.82
Merged Costs:												
Water Usage			\$ 112.72	\$ 115.93	\$ 119.24	\$ 122.64	\$ 126.13	\$ 129.73	\$ 133.42	\$ 137.22	\$ 141.14	\$ 145.16
Surcharge			\$ 20.95	\$ 20.06	\$ 20.02	\$ 18.60	\$ 18.61	\$ 18.62	\$ 18.62	\$ 18.62	\$ 19.20	\$ 19.47
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 182.32	\$ 186.36	\$ 191.46	\$ 195.44	\$ 201.10	\$ 207.03	\$ 213.27	\$ 219.82	\$ 227.29	\$ 234.84
Additional Cost (Savings) from Merger			\$ 99.37	\$ 102.71	\$ 105.51	\$ 109.54	\$ 112.58	\$ 93.01	\$ 96.14	\$ 99.46	\$ 102.51	\$ 106.02
Greater than 4; less than or equal to 9	479	Ave. Annual Usage	28	28	28	28	28	28	28	28	28	28
Percentage of Total Customers	25%	Status Quo Cost	\$ 145.17	\$ 146.39	\$ 150.41	\$ 150.32	\$ 154.91	\$ 199.55	\$ 204.96	\$ 210.62	\$ 218.37	\$ 225.44
Merged Costs:												
Water Usage			\$ 87.67	\$ 90.17	\$ 92.74	\$ 95.38	\$ 98.10	\$ 100.90	\$ 103.77	\$ 106.73	\$ 109.77	\$ 112.90
Surcharge			\$ 65.18	\$ 62.42	\$ 62.28	\$ 57.87	\$ 57.90	\$ 57.92	\$ 57.93	\$ 57.93	\$ 59.72	\$ 60.56
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 201.50	\$ 202.95	\$ 207.23	\$ 207.45	\$ 212.36	\$ 217.51	\$ 222.93	\$ 228.63	\$ 236.45	\$ 243.68
Additional Cost (Savings) from Merger			\$ 56.34	\$ 56.56	\$ 56.81	\$ 57.13	\$ 57.45	\$ 17.96	\$ 17.97	\$ 18.02	\$ 18.09	\$ 18.24
Greater than 9; less than or equal to 15	568	Ave. Annual Usage	48	48	48	48	48	48	48	48	48	48
Percentage of Total Customers	29%	Status Quo Cost	\$ 248.85	\$ 250.95	\$ 257.85	\$ 257.69	\$ 265.56	\$ 342.08	\$ 351.37	\$ 361.06	\$ 374.34	\$ 386.46
Merged Costs:												
Water Usage			\$ 150.29	\$ 154.58	\$ 158.98	\$ 163.51	\$ 168.17	\$ 172.97	\$ 177.90	\$ 182.97	\$ 188.18	\$ 193.54
Surcharge			\$ 111.74	\$ 107.00	\$ 106.76	\$ 99.25	\$ 99.25	\$ 99.31	\$ 99.31	\$ 99.31	\$ 102.38	\$ 103.82
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 310.69	\$ 311.94	\$ 317.95	\$ 316.91	\$ 323.78	\$ 330.95	\$ 338.43	\$ 346.25	\$ 357.52	\$ 367.57
Additional Cost (Savings) from Merger			\$ 61.83	\$ 60.99	\$ 60.10	\$ 59.22	\$ 58.23	\$ (11.13)	\$ (12.93)	\$ (14.81)	\$ (16.82)	\$ (18.89)
Greater than 15; less than or equal to 20	270	Ave. Annual Usage	70	69	68	67	66	65	64	63	62	61
Percentage of Total Customers	14%	Status Quo Cost	\$ 362.91	\$ 360.74	\$ 365.29	\$ 359.69	\$ 365.14	\$ 463.24	\$ 468.49	\$ 473.89	\$ 483.52	\$ 491.13
Merged Costs:												
Water Usage			\$ 219.18	\$ 222.20	\$ 225.23	\$ 228.24	\$ 231.24	\$ 234.23	\$ 237.20	\$ 240.14	\$ 243.07	\$ 245.96
Surcharge			\$ 162.96	\$ 153.82	\$ 151.25	\$ 138.46	\$ 136.47	\$ 134.46	\$ 132.42	\$ 130.35	\$ 132.24	\$ 131.93
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 430.79	\$ 426.38	\$ 428.68	\$ 420.90	\$ 424.07	\$ 427.38	\$ 430.84	\$ 434.46	\$ 442.26	\$ 448.11
Additional Cost (Savings) from Merger			\$ 67.87	\$ 65.64	\$ 63.39	\$ 61.21	\$ 58.93	\$ (35.86)	\$ (37.65)	\$ (39.43)	\$ (41.26)	\$ (43.02)
Greater than 20; less than or equal to 50	345	Ave. Annual Usage	111	110	109	108	107	106	105	104	103	102
Percentage of Total Customers	18%	Status Quo Cost	\$ 575.48	\$ 575.09	\$ 585.54	\$ 579.80	\$ 591.97	\$ 755.43	\$ 768.61	\$ 782.29	\$ 803.27	\$ 821.23
Merged Costs:												
Water Usage			\$ 347.55	\$ 354.24	\$ 361.02	\$ 367.91	\$ 374.89	\$ 381.97	\$ 389.15	\$ 396.43	\$ 403.81	\$ 411.28
Surcharge			\$ 258.40	\$ 245.21	\$ 242.44	\$ 223.19	\$ 221.25	\$ 219.27	\$ 217.25	\$ 215.17	\$ 219.68	\$ 220.61
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 654.61	\$ 649.82	\$ 655.67	\$ 645.30	\$ 652.50	\$ 659.93	\$ 667.62	\$ 675.57	\$ 690.45	\$ 702.10
Additional Cost (Savings) from Merger			\$ 79.13	\$ 74.73	\$ 70.13	\$ 65.50	\$ 60.53	\$ (95.50)	\$ (100.99)	\$ (106.72)	\$ (112.82)	\$ (119.13)
Greater than 50; less than or equal to 100	28	Ave. Annual Usage	257	254	251	248	246	244	242	240	238	236
Percentage of Total Customers	1%	Status Quo Cost	\$ 1,332.41	\$ 1,327.94	\$ 1,348.35	\$ 1,331.39	\$ 1,360.99	\$ 1,738.92	\$ 1,771.47	\$ 1,805.28	\$ 1,856.10	\$ 1,900.11
Merged Costs:												
Water Usage			\$ 804.70	\$ 817.97	\$ 831.35	\$ 844.82	\$ 861.89	\$ 879.25	\$ 896.89	\$ 914.83	\$ 933.06	\$ 951.59
Surcharge			\$ 598.28	\$ 566.22	\$ 558.28	\$ 512.52	\$ 508.68	\$ 504.74	\$ 496.56	\$ 496.56	\$ 507.62	\$ 510.42
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 1,451.63	\$ 1,434.55	\$ 1,441.84	\$ 1,411.54	\$ 1,426.93	\$ 1,442.68	\$ 1,458.83	\$ 1,475.36	\$ 1,507.64	\$ 1,532.23
Additional Cost (Savings) from Merger			\$ 119.22	\$ 106.62	\$ 93.49	\$ 80.15	\$ 65.94	\$ (296.24)	\$ (312.64)	\$ (329.92)	\$ (348.46)	\$ (367.88)
Greater than 100; less than or equal to 300	14	Ave. Annual Usage	697	690	683	676	669	662	655	648	642	636
Percentage of Total Customers	0.7%	Status Quo Cost	\$ 3,613.58	\$ 3,607.38	\$ 3,669.01	\$ 3,629.12	\$ 3,701.22	\$ 4,717.89	\$ 4,794.67	\$ 4,874.26	\$ 5,006.80	\$ 5,120.64
Merged Costs:												
Water Usage			\$ 2,182.39	\$ 2,222.05	\$ 2,262.19	\$ 2,302.82	\$ 2,343.92	\$ 2,385.50	\$ 2,427.55	\$ 2,470.05	\$ 2,516.92	\$ 2,564.46
Surcharge			\$ 1,622.58	\$ 1,538.16	\$ 1,519.15	\$ 1,397.03	\$ 1,383.36	\$ 1,369.43	\$ 1,355.23	\$ 1,340.70	\$ 1,369.28	\$ 1,375.55
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 3,853.63	\$ 3,810.57	\$ 3,833.55	\$ 3,754.05	\$ 3,783.64	\$ 3,813.62	\$ 3,844.00	\$ 3,874.72	\$ 3,953.17	\$ 4,010.23
Additional Cost (Savings) from Merger			\$ 240.05	\$ 203.19	\$ 164.54	\$ 124.93	\$ 82.42	\$ (904.27)	\$ (950.67)	\$ (999.54)	\$ (1,053.64)	\$ (1,110.41)
Greater than 300	1	Ave. Annual Usage	1,294	1,281	1,268	1,255	1,242	1,230	1,218	1,206	1,194	1,182
Percentage of Total Customers	0.05%	Status Quo Cost	\$ 6,708.71	\$ 6,697.19	\$ 6,811.58	\$ 6,737.49	\$ 6,871.31	\$ 8,765.86	\$ 8,915.89	\$ 9,071.55	\$ 9,311.72	\$ 9,516.66
Merged Costs:												
Water Usage			\$ 4,018.86	\$ 4,096.20	\$ 4,174.69	\$ 4,254.32	\$ 4,335.10	\$ 4,420.22	\$ 4,506.69	\$ 4,594.48	\$ 4,681.00	\$ 4,766.03
Surcharge			\$ 3,012.37	\$ 2,855.63	\$ 2,820.33	\$ 2,593.60	\$ 2,568.21	\$ 2,544.41	\$ 2,520.11	\$ 2,495.20	\$ 2,546.61	\$ 2,556.45
Property Taxes			\$ 48.65	\$ 50.36	\$ 52.21	\$ 54.20	\$ 56.36	\$ 58.69	\$ 61.22	\$ 63.97	\$ 66.96	\$ 70.22
Total Merged			\$ 7,079.88	\$ 7,002.19	\$ 7,047.22	\$ 6,902.12	\$ 6,959.66	\$ 7,023.32	\$ 7,088.02	\$ 7,153.66	\$ 7,294.57	\$ 7,392.69
Additional Cost (Savings) from Merger			\$ 371.17	\$ 305.01	\$ 235.64	\$ 164.63	\$ 88.35	\$ (1,742.54)	\$ (1,827.87)	\$ (1,917.89)	\$ (2,017.15)	\$ (2,123.97)

Notes:

- Property taxes are the projected additional property taxes assessed on a \$150,000 home as the result of the merger (includes hydrant fee).
- The surcharge is cost of existing and new infrastructure debt.

APPENDIX A

WILLIAMSVILLE WATER SYSTEM DATA SUMMARY

ECWA FORM TABLE "A"
HISTORY OF WATERLINE BREAKS
INCLUDING SERVICES

<i>Pipe Size (inches)</i>	<i>Date</i>	<i>Street</i>	<i>Property Number</i>	<i>Type (if noted on report)</i>
8	5/10	Arend	118	n/a
8	4/00	Arend & Stanton	Intersection	Crack
10	12/09	Belmont	46	Hole
8	12/08	California	259	n/a
8	6/04	California	128	Crack
8	4/05	Chalmers	40	Crack
8	2/04	Chalmers	116	Crack
6	2/07	Columbia	69	Crack
6	9/02	Columbia	117	Crack
6	2/07	Creek	6 to 28	Crack
6	12/05	Creek	6	Crack
n/a	2/07	Eagle	68	n/a
6	1/04	Eagle	30	Crack
6	8/06	Edward	76	Crack
6	1/03	N. Ellicott	223	Crack
6	2/09	N. Ellicott	197	Crack
6	9/04	N. Ellicott	109	Crack
8	12/09	Main	5762	Crack
8	3/07	Evans	192	Crack
n/a	2/07	Evans	222	Crack
6	3/07	Reist	n/a	Crack
8	1/01	S. Long	86	Crack
6	11/09	Main	5629	Crack
6	2/06	Main	5565	Crack
6	2/02	Main	5583	Crack
6	10/03	Oakgrove & Monroe	Intersection	Crack
8	12/01	Pasadena	24	Crack
6	12/04	Reist	182	Crack
6	7/10	Wherle	1211	Crack
6	2/05	Wherle	1459	n/a
6	5/03	Wherle & Aero	Intersection	Hole
6	5/03	Wherle & Brookside	Intersection	Hor. Crack

ECWA FORM TABLE "B"
LENGTH AND TYPE OF PIPE (IN FEET)

<i>Pipe Size (inches)</i>	<i>Cast Iron</i>	<i>Galvanized Steel</i>	<i>Asbestos Cement</i>	<i>Ductile Iron</i>	<i>PVC</i>	<i>Total on Private Property</i>	<i>Total in Easements</i>	<i>Total in Public R.O.W</i>
2	-	-	-	-	-	-	-	-
3	-	-	-	210	-	-	-	210
4	1,944	-	-	508	-	-	-	2,452
6	31,366	-	-	7,722	-	1,002	-	38,086
8	6,277	-	-	45,783	752	-	-	52,812
10	4,269	-	-	9,113	-	-	-	13,382
12	1,669	-	-	2,728	-	-	-	4,397

ECWA FORM TABLE "C"
SUMMARY OF LENGTH OF PIPE BY SIZE

<i>Pipe Size (inches)</i>	<i>Footage</i>	<i>Miles</i>	<i>Percentage</i>
2	-	-	-
3	210	0.04	0.2%
4	2,452	0.46	2.2%
6	39,088	7.40	34.8%
8	52,812	10.00	47.0%
10	12,382	2.35	11.9%
12	4,397	0.83	3.9%

APPENDIX B

ERIE COUNTY WATER AUTHORITY
REQUIREMENTS FOR FEASIBILITY STUDY
AND SUBSEQUENT ACCEPTANCE AS A
DIRECT SERVICE CUSTOMER

TOWN/VILLAGE OF

**REQUIREMENTS FOR FEASIBILITY STUDY
AND FOR SUBSEQUENT ACCEPTANCE AS A
DIRECT SERVICE ECWA CUSTOMER**

The following list consists of required submissions that the Erie County Water Authority requires for a system acquisition review.

Our Direct Service Agreement represents a formal assumption of all of the water system assets by the Authority. The study outlined will identify deferred maintenance areas and points in your system where peak fire flows might be a problem. Since after our direct service agreement is executed, the Authority will be responsible for all capital improvements, our policy is to require that improvements be made to the system we are taking over, such that we are not adding a disproportionate capital burden on our existing direct service customers. These improvements must be completed prior to the transfer of the assets to the Authority.

SYSTEM/OPERATIONS:

1. Have a leak survey performed by independent contractor (including services) of all existing water mains together with a history of water line breaks (See Table A").
2. All leaks found during the survey are to be repaired and documented to Erie County Water Authority.
3. Replace all mains under 6-inch diameter.
4. Provide the Erie County Water Authority an inventory of all existing mains by type and length (see Table "B") together with a summary by size (see Table "C") and table of age (see Table "D"). In addition, provide an inventory of line valves by size and age (see Table "E") and an inventory of cross connection control devices by type, size and date initially installed (see Table "F").
5. In areas with dual (and even three) mains, an analysis should be made to eliminate unnecessary duplication of water mains.
6. Services - The Erie County Water Authority will only operate copper (Type K) services. All services not copper must be replaced at Town/Village expense. The ECWA only maintains services to the customer's property line. Also supply any information relative to frozen services where they've occurred and the corrective action which occurred.

7. Meters - All residential meters must be replaced with meters with radio reading capability that are compatible with Erie County Water Authority's system. All commercial and industrial meters must be tested and if found at low, medium and high flow to be reading less than 98.5% efficient, must then be replaced or repaired. All commercial meters must also be equipped with radio reads compatible with ECWA system. If they are not capable of being equipped with radio reads they must be replaced. Documentation of consumption for all meters must be supplied to the Authority along with service and maintenance records and numbers of remote ARB meters presently in the system.
8. The Town/Village will be asked to pay the replacement cost of all hydrants and line valves not meeting Erie County Water Authority standard specifications.
9. The Town/Village will be asked to pay the cost of all tile sets deemed necessary by the Erie County Water Authority. Authority Tariff requires meter tile sets if building fronts are in excess of 150 feet from the property's right-of-way line.
10. The Erie County Water Authority will not service mains on private property. Such mains must either be isolated and master metered, or easements must be provided or they should be abandoned in favor of mains in a public right-of-way.
11. The Erie County Water Authority will need a legal description and map with meets and bounds of Town/Village service areas along with record drawings of all existing and new mains and appurtenances, service connection details, field books and any other information pertinent to the water supply system.
12. The Erie County Water Authority will need a copy of the billing records (i.e. list of all customers and consumption history).
13. We will need the results from current lead and copper testing and asbestos monitoring required by New York State Health Department Rules Part V. All previous microbiological monitoring results required by New York State Department of Health including information on coliform violations if any.
14. The Town/Village would need to agree to the Erie County Water Authority's rules for the sale of water and the collection of rents and charges as published in the Water Authority's Tariff and to execute the most current version of our standard lease management agreement.
15. The Town/Village must identify any outstanding issues between themselves and NYSDEC, NYSDOH, USEPA, OSHA, etc.
16. The Town/Village must identify any current litigation, pending litigation or any unresolved claims against their water interests.
17. All dead end mains must be eliminated whenever feasible to enhance fire flows.

FINANCIAL:

1. Can the Town/Village furnish current lists of outstanding debt issued for water works capital financing? Identify the type of issue (GO, revenue, etc.) original issue amounts, the annual debt service payment due on the issue, the maturity date of the issue, any pledges or encumbrances that exist with respect to the issue, etc. Does the Town/Village contemplate issuing new debt during this year? Would bondholders be required to approve a consolidation or merger?
2. Does the Town/Village have any lease obligations which must be assumed or can only be canceled with an exit fee or penalty?
3. Does the Town/Village have any arbitrage payments due the IRS on bonds issued? Any yield burning problem for debt issued?
4. The Town/Village must supply an estimated cost of their water distribution system.

Town/Village of _____

Date: _____

TABLE "A"
History of Water Line Breaks
Including Services

Size	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total	Miles Pipe	Brk. M/Y

Town/Village of _____

Date: _____

TABLE "B"
Length and Type of Pipe

Size	Cast Iron	Galvanized Steel	Asbestos Cement	Ductile Iron	Plastic PVC	Total in Easements	Total in Public Right-of-Way
2"							
2"							
4"							
4"							
6"							
6"							
8"							
8"							
10"							
10"							
12"							
12"							

Town/Village of _____

Date: _____

TABLE "C"
Summary of Length of Pipe by Size

Size	Footage	Miles	Percentage
2			
4			
6			
8			
10			
12			
Total			

TABLE "D"
Age of Pipe
(Percentage)

Age Year Installed	0-10 2010-2001	11-25 2000-1986	26-50 1985-1961	Over 51 Prior to 1961
Size 2				
4				
6				
8				
10				
12				

Town/Village of _____

Date: _____

TABLE "E"
Inventory of Line Valves

Age Year Installed	0-10 2010-2001		11-25 2000-1986		26-50 1985-1961		Over 51 Prior to 1961	
	Gate	Butterfly	Gate	Butterfly	Gate	Butterfly	Gate	Butterfly
2								
4								
6								
8								
10								
12								

Town/Village of _____

Date: _____

TABLE "F"
Inventory of Cross Connection Control Installation

TYPE	2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		Prior to 2001		Total	
	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ	DC	RPZ		
SIZE																								
3/4"																								
1"																								
1 1/2"																								
2"																								
3"																								
4"																								
6"																								
8"																								

DC - Double Check Valve

RPZ - Reduced Pressure Zone Device

APPENDIX C
CUSTOMER USAGE DATA

APPENDIX C

CUSTOMER USAGE DATA SUMMARY

<i>FY 09-10 Quarterly Account Quarterly Averages</i>				
	<i>District 1</i>	<i>District 2</i>	<i>District 3</i>	<i>Average No. of Accounts in Each District</i>
Total Usage (1,000 gallons)	10,845	10,910	7,852	9,869
Ave. Usage for Accounts using <=4	3	2	2	2
Number of Accounts using <=4	85	85	77	82
Ave. Usage for Accounts using <=9	6	5	5	5
Number of Accounts using <=9	285	226	216	242
Ave. Usage for Accounts using >9; <=15	12	12	12	12
Number of Accounts using >9; <=15	228	169	171	189
Ave. Usage for Accounts using >15; <=20	18	18	18	18
Number of Accounts using >15; <=20	119	75	76	90
Ave. Usage for Accounts using >20; <=50	28	29	28	28
Number of Accounts using >20; <=50	119	131	95	115
Ave. Usage for Accounts using >50; <=100	63	68	66	66
Number of Accounts using >50; <=100	8	15	5	9
Ave. Usage for Accounts using >100; <=300	225	142	161	176
Number of Accounts using >100; <=300	2	10	2	5
Ave. Usage for Accounts using >300	-	330	-	330
Number of Accounts using >300	-	1	-	1
Total Accounts	761	626	563	650

	<i>FY 09-10 Monthly Account Monthly Averages</i>
Usage (1,000 gallons)	
Ave. Usage for Accounts using <=4	3
Number of Accounts using <=4	3
Ave. Usage for Accounts using <=3	2
Number of Accounts using <=3	2
Ave. Usage for Accounts using >3; <=20	12
Number of Accounts using >3; <=20	37
Ave. Usage for Accounts using >20; <=50	30
Number of Accounts using >20; <=50	8
Ave. Usage for Accounts using >50; <=100	72
Number of Accounts using >50; <=100	4
Ave. Usage for Accounts using >100; <=150	130
Number of Accounts using >100; <=150	5
Ave. Usage for Accounts using >150; <=200	170
Number of Accounts using >150; <=200	4
Ave. Usage for Accounts using >200	252
Number of Accounts using > 200	6
Total Accounts	66