

FOR RELEASE

Contact: A.J. Dolce, 366-9882, 680-3961,
ajdolce@cityofdunkirk.com, mayor_dolce@yahoo.com

NORTH COUNTY WATER, DUNKIRK'S PERSPECTIVE

There are significant benefits that can flow from creative and cost-effective operations of municipal government. Many times, looking outside the jurisdictional lines provides economies of scale that provide real long-term benefits to residents, businesses and industries. However, simply labeling a project as being "regional" does not necessarily make the long-term results beneficial.

For a number of months, several communities of Northern Chautauqua County have been discussing – among other shared service concepts – water purification and distribution. Under the auspices of the Chadwick Bay Regional Development Corporation (CBRDC) and now through the Chautauqua County Water Agency (CCWA), an engineering firm has begun collecting water usage and rate data and reviewing prior studies for the expansion of the network of water treatment and distribution throughout the North County region.

North County Water District

The most-publicly discussed concept is the creation of yet another layer of government, a North County Water District, which would be responsible for the treatment and distribution of water to each individual participating municipality.

Each municipality would purchase water from the District, and would be responsible for the distribution, maintenance, billing and collection of the water within its own municipal boundaries, adding its own internal costs through an up-charge to the rate that the District would charge each municipality. So, while the District would sell water to each individual municipality at one rate, each particular municipality would have to add its costs on to that District fee. This would undoubtedly result in different rates for each municipality, based on the costs incurred within each municipality. The District cost has not been detailed as of yet.

Water for the District would apparently be purified through the current City water treatment facility in a lease arrangement. Distribution would be through piping that would be owned by the District in some areas and owned by the local municipalities in other areas. The particulars regarding the payment for required new infrastructure for interconnection and expansion have not been detailed as of yet.

City Analysis

The City's goal throughout these months of discussions has been to insure that the least costly and most stable system is engaged to provide residents, businesses and industries safe, clean, inexpensive water.

As a result, the City, as each involved North County municipality no doubt has been doing, is undertaking its own due diligence and review, analyzing opportunities and alternatives to best serve constituents.

One of the alternatives that is being investigated is to essentially take the current model and expand the scope.

The current model, used in Dunkirk, Fredonia and Brocton to varying degrees, provides that the "home" municipality owns and operates a water treatment facility and distributes and sells water to users within its own municipal jurisdiction. Additionally, as has been the case for decades, areas outside each municipality are serviced through simple inter-municipal agreements. In this manner, multiple municipalities are serviced without the need to create additional bureaucratic costs.

Expanding on this time-proven concept, the City – in conjunction with the operational and distribution capacities that are currently in place – could provide service through to Pomfret, Town of Dunkirk, Portland and Brocton. This could be accommodated through simple inter-municipal agreements with other communities.

The City is inter-connected with Fredonia, who is inter-connected (in part) with Pomfret. An expansion through to Portland and Brocton could provide a stable and viable distribution route. Similarly, expansion more north near the Lake through Dunkirk (Town) and on through Portland/Brocton would provide additional service opportunities and operational redundancies for a North County "loop."

No new governmental entity need be created, staffed and paid for to accomplish this North County distribution system. Inter-municipal agreements between and among the producers and users would sufficiently address the details.

Nothing comes without a price. The costs for the expansions could be recovered by up-charges to the new service area customers. The *per unit costs* would be a factor of the significant volume to be generated and the 20-30 operational lifespan of the required infra-structure. Given the current rate structure of the City and the outlying municipalities, it is possible that such a proposal would result in lower rates for other jurisdictions even with the infrastructure recovery.

By way of illustration, using the City’s current fee structure, an out-of-City purchaser would pay the following volume charges on a monthly basis:

Vol - Day	100,000	400,000	800,000	1,200,000
Vol - Mo	3,000,000	12,000,000	24,000,000	36,000,000
Cost - Mo	\$ 12,833.86	\$ 43,063.86	\$ 69,703.86	\$ 96,343.86
Effective \$/M Gal	\$ 4.278	\$ 3.589	\$ 2.904	\$ 2.676

Certainly, there are ancillary cost considerations – including end-user maintenance/distribution/operations expenses (including if purchased supply was entire requirements or supplemental to an existing treatment facility); metering and other charges; etc.

For comparison, using a volume of 800,000 gallons per day as an example (which is the capacity of the Dunkirk/Fredonia connection at Vineyard Drive, and which is volume that the City treatment facility could easily accommodate; it is also approximately fifty percent (50%) of Fredonia’s daily usage), the effective current out-of-City published rate is \$2.90 per thousand gallons. Compare that rate to the current cost per thousand gallons in:

- Portland: \$5.71 to \$7.23 (depending on district)
- Pomfret: \$5.00 to \$6.95 (depending on district)
- Erie Co Water Auth: \$5.27
- Batavia – City/Town: \$4.06 to \$4.48
- Phoenix, AZ: \$4.32 to \$8.31 (in-city winter/out-of-city summer)
- Wheeling, WV: \$4.50.

The results of the recent Carriage House news certainly would be required to be factored into the operational equations, as to treatment capacity and customer needs.

“We have too many local governments...” *Governor Andrew Cuomo*, January 9, 2014, State of the State.

To blindly believe that the creation of another local government – an inter-municipal water agency – will be more efficient and cost-effective is bad government, for all concerned; a complete and critical analysis of all alternatives is more appropriate and responsible.

Sincerely,

Anthony J. (A.J.) Dolce
 Mayor
 City of Dunkirk