New York City Water Board

Measurement Report Fiscal Year 2011

Performance Goal: Set rates at a level for which revenue collections will satisfy revenue requirements of the System.

Measurement: Were the fiscal year's revenue requirements met?

Yes, in fiscal year 2011 cash receipts totaled $2.923 billion, which is 3.0% above the $2.837 billion revenue requirement.

Performance Goal: Effectively seek input on System rates.

Measurement: Did the Board conduct effective rate hearings at times and locations that facilitated broad public participation?

Yes, the Board conducted six rate hearings at convenient times for customers; one hearing was held in each of the five boroughs, and one hearing was held north of the City for upstate customers.

Performance Goal: Establish rates that are fair and affordable.

Measurement: How do water and sewer rate increases compare to other consumer cost increases?

The water and sewer rate increase of 7.5% that was adopted in May 2011 exceeds the 3.8% year-to-date increase in the Consumer Price Index[1]. This water and sewer rate increase was necessary to provide adequate funding for the System to comply with regulatory mandates.

As shown in the graph below, which compares costs of living in New York City versus the national average, water rates in New York City are lower than the national average, while other costs of living are higher than the national average.[2]

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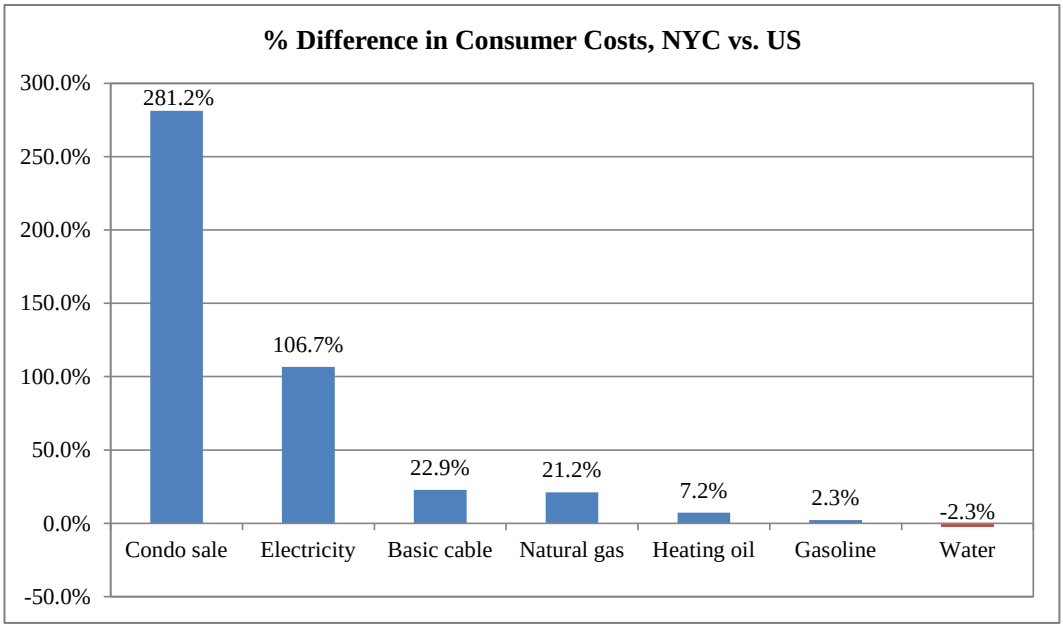
[1] United States Department of Labor, Bureau of Labor Statistics; Consumer Price Index for New York-Northern New Jersey-Long Island Area, All Urban Consumers; includes data as of August 2011

[2] The Real Estate Board of New York and National Association of Realtors (condo sale); U.S. Energy Information Administration (electricity); Bundle.com (basic cable); U.S. Bureau of Labor Statistics (natural gas); New York



Measurement: How do water and sewer charges track as a percentage of household income?

Average water and sewer charges of $745 per year represent 1.5% of the 2010 median household income of $48,743 in New York City[3]. The median household income in New York City declined by 3.8% from 2009 to 2010.

Measurement: How do water and sewer charges track as a percentage of a building's total operating costs?

The Rent Guidelines Board 2011 Price Index states that water and sewer charges represent 9.2% of buildings' total operating charges.[4] To note, buildings' charges do not usually include residential electricity charges, as electricity is also billed to individual dwelling units. The 7.5% water and sewer rate increase for Fiscal Year 2012 is similar to the New York City Rent Guidelines Board's projected increase of 7.4% in the price index of operating costs for apartment buildings.

Performance Goal: Establish rates at a level that provides for sustainable, high-quality delivery of water and sewer services.

State Energy Research and Development Authority (heating oil); U.S. Energy Information Administration (gasoline); NYC Water Board Blue Book, FY 2012 (water).

[3] U.S. Census Bureau, American Community Survey; includes data as of September 2011

[4] New York City Rent Guidelines Board – 2011 Price Index of Operating Costs, April 14, 2011

Measurement: Have rates resulted in sufficient, stable and predictable revenue streams that have enabled favorable financing terms and allowed for operations and maintenance of the System at a level that will ensure the System's long-term sustainability?

Yes; the New York City Municipal Water Finance Authority issues all of the debt for the System. The Authority's bonds continue to be highly rated by all three primary rating agencies. At the end of Fiscal Year 2011, the Authority's bonds were rated as follows:

	General Resolution	Second General Resolution
Fitch, Inc.	AA+	AA+
Moody's Investors Service, Inc.	Aa1	Aa2
Standard & Poor's Rating Services	AAA	AA+

According to AECOM, the System's engineering consultant, "The condition of the System continues to receive the highest rating of our three rating categories (adequate). The expense allocations for Fiscal Year 2012 and Fiscal Year 2013 are adequate for the continued reliable operation of the System. The Capital Improvement Program is responsive to the long-term operating requirements of the service area. Current staffing levels of the System are sufficient for proper operation and maintenance. Additional staffing needs have been identified for future facilities."