

**NEW YORK CITY WATER BOARD
ANNUAL MEETING**

PRELIMINARY AGENDA

Friday, May 10, 2013 - 8:30 A.M.

Location: 255 Greenwich St., 8th Floor
Room 8-S1 & 2
New York, New York 10007

1. Roll Call
2. Resolution: Approval of Minutes of April 5, 2013 Meeting
3. Resolution: Adoption of Fiscal Year 2014 Annual Budget
4. Resolution: Adoption of Fiscal Year 2014 Rate Schedule
5. Presentation: Upstate Rate Report and Adoption Schedule

**MINUTES OF A MEETING OF THE
NEW YORK CITY WATER BOARD**

A meeting of the New York City Water Board (the “Board”) was held on April 5, 2013 at 8:30 a.m. at the New York City Department of City Planning, 22 Reade Street, 1st Floor, Spector Hall, New York, New York 10007. The following members of the Board were present:

Alan Moss,
Alfonso Carney,
Marcia Bystryn,
Mehul Patel, and
Benjamin Tisdell,

constituting a quorum. Mr. Moss chaired the meeting, and Olivia O’Neill served as Secretary of the meeting.

Approval of Minutes of February 15, 2013 Meeting

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on February 15, 2013. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on February 15, 2013 were unanimously adopted.

Fiscal Year 2014 Water Rate Proposal

The other item on the agenda was the presentation to the Board of the FY 2014 Water Rate Proposal and related financial information by New York City Department of Environmental Protection Commissioner Strickland. Mr. Moss commended Commissioner Strickland for attending so many public meetings. The following points were emphasized:

FY 2014 Rate Proposal Summary The proposed 5.6 % in water rates was the lowest since FY 2006, eight years ago. In addition, the rate proposal was 28% lower than the

2010 projection of FY 2014 rate increases, due to four primary factors: 1) strong revenues due to 96% completion of the wireless meter reading device initiative, 2) low interest rates that have resulted in debt service of \$147 million less than projections, 3) regulatory advances that have resulted in better control of the capital budget and 4) operational cost savings, including a 4% budget reduction and the OpX program.

Historical Revenue At the end of March, revenues were \$67 million, or 2.7% ahead of plan. This is only the third time in eight years that revenues have been ahead of plan.

Capital Outlook From FY 2002 to 2012, \$15.2 billion (65%) of capital commitments were mandated. DEP has been successful working with regulators to reduce future mandates, and the capital spending projections have fallen, along with required rate increases. \$2.6 billion (18%) of the FY 2013 to FY 2023 Capital Improvement Plan is mandated.

DEP's Mission-Strategy 2011-2014 Strategy 2011-2014 set forth 100 strategies and initiatives to achieve DEP's mission in four core areas: 1) serving nine million customers, 2) operating the safest, highest-performing water utility at the lowest possible cost, 3) building capital projects on time and on budget, and 4) delivering clean waters, clean air and a sustainable quality of life for all New Yorkers. Of the plan's 100 initiatives, 87 have been partially or fully achieved, and the remaining 13 are on track.

Customer Service AMR installation has been substantially completed. There has been a 77% reduction in estimated bills since 2009 and a 16% reduction in billing disputes since 2008. During the presentation, Mr. Moss noted that the AMR had been very helpful during Hurricane Sandy.

General Discussion After the conclusion of the Proposal, general discussion was had. Mr. Moss noted that Hurricane Sandy caused re-thinking as to how to contend with future climate

events. It was noted that a review had already been underway and will include an expanded risk analysis, taking into account the newly issued FEMA flood and elevation maps. New design systems would also be examined.

On behalf of the Board, Mr. Moss thanked Commissioner Strickland for his presentation.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was duly adjourned.

SECRETARY

NEW YORK CITY WATER BOARD

May 10, 2013

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") has received certification from the New York City Municipal Water Finance Authority (the "Authority") regarding the Authority's Budget for the fiscal year commencing July 1, 2013 ("Fiscal Year 2014") reflecting Authority Expenses and estimated Aggregate Debt Service (as such terms are defined in the Authority's General Revenue Bond Resolution); and

WHEREAS, the Board has received certification from the Director of Management and Budget of the City of New York (the "City") regarding the amounts which the City reasonably anticipates it will have expended during Fiscal Year 2014 in connection with the operation and maintenance of the water and wastewater system as described in paragraphs (a) through (e) of Section 8.1 of the Agreement of Lease dated as of July 1, 1985, as amended, between the Board and the City (the "Lease"), and the rental payment requested by the City for Fiscal Year 2014 pursuant to Section 8.2 of the Lease; and

WHEREAS, the Board has received certification from AECOM USA, Inc., Consulting Engineer, pursuant to Section 8.3(a)(ii) of the Lease to the effect that amounts certified by the City for costs incurred or to be incurred in connection with paragraphs (a) and (b) of Section 8.1 of the Lease are reasonable and appropriate; and

WHEREAS, the Board has reviewed a proposed budget for the Board's own anticipated expenses for Fiscal Year 2014; and

WHEREAS, the Board has reviewed the proposed Annual Budget for the Board's expected expenditures for Fiscal Year 2014 and has determined that such provision for

anticipated expenditures is reasonable and appropriate to enable the Board to exercise its powers and carry out its purposes in accordance with the New York City Municipal Water Finance Authority Act; it is therefore

RESOLVED, that the Annual Budget of the Board for Fiscal Year 2014, a copy of which is attached hereto, is hereby adopted.

DRAFT

NEW YORK CITY WATER BOARD

May 10, 2013

RESOLUTION

WHEREAS, the Board is authorized pursuant to Section 1045-g(4) of the New York City Municipal Water Finance Authority Act (the "Act") to establish, in accordance with Section 1045-j of the Act, fees, rates, rents or other charges for the use of, or services furnished, rendered or made available by the water and wastewater system of the City of New York (the "City"); and

WHEREAS, in accordance with Sections 1045-j (3) and (9-a) of the Act, public hearings concerning certain proposals regarding water and wastewater system rates and charges were held in each borough of the City on April 29 and 30 and May 1, 2, and 3, 2013, and a transcript of each hearing along with all written statements submitted by May 3, 2013 have been received and reviewed by the Board; and

WHEREAS, in accordance with certifications received from (i) the New York City Municipal Water Finance Authority (the "Authority") with respect to the Authority's annual budget for the fiscal year commencing July 1, 2013 ("FY 2014"), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2014 in connection with the operation and maintenance of the water and sewer system and (b) rental payments requested from the Board, and (iii) AECOM USA, Inc., Consulting Engineer, with respect to the reasonableness of the City's certification of certain expenses, the Board has on this day adopted its annual budget for FY 2014; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2014 and the testimony and statements submitted at the aforementioned public hearings, the

Board has determined that, effective July 1, 2013, the water rate for all in-City customers, flat rate and metered, should increase by ____% over the rate in effect in Fiscal Year 2013 and the rate for waste water services should remain at 159% of the applicable water charge; and

WHEREAS, the Board has further determined that the billing policy proposals and fees of 1) annual rates for the Service Line Protection Program of \$____ plus sales tax per water service line contract and \$____ plus sales tax per sewer service line contract, 2) a requirement that properties automatically enrolled in the Multiple-family Conservation Program (MCP) in Fiscal Year 2013 have a meter and automated meter reading device installed by January 1, 2015 and high-efficiency fixtures installed by June 30, 2016, 3) a manual meter reading fee of \$25 for each manual reading requested by a customer, and 4) various clarifications to existing policies and procedures as set forth in the Board's revised Water and Wastewater Rate Schedule for Fiscal Year 2014, all as set forth and described in the public notice, the New York City FY2014 Water and Wastewater Rate Report dated April 2013, and the Board's Water and Wastewater Rate Schedule for Fiscal Year 2014, should be approved as recommended by staff; it is therefore

RESOLVED, that the Water and Wastewater Rate Schedule for Fiscal Year 2014, a copy of which is attached hereto, which reflects an increase of ____% for in-City water rates as well as the new and modified billing policies, programs and fees as described above is hereby approved.