

NEW YORK CITY WATER BOARD ANNUAL MEETING

AGENDA

Friday, May 23, 2014 - 10:00 A.M.

Location: New York City Department of City Planning
22 Reade Street, 1st Floor, Spector Hall
New York, New York 10007

1. Roll Call
2. Resolution: Approval of Minutes of April 23, 2014 Meeting
3. Resolution: Adoption of Fiscal Year 2015 Annual Budget
4. Resolution: Adoption of Fiscal Year 2015 Rate Schedule
5. Presentation: FY 2014 Financial Update

NEW YORK CITY WATER BOARD

May 23, 2014

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, 2014 ("Fiscal Year 2015") 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 2015 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 2015 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 2015; and

WHEREAS, the Board has reviewed the proposed Annual Budget for the Board's expected expenditures for Fiscal Year 2015 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 2015, a copy of which is attached hereto, is hereby adopted.

DRAFT

NEW YORK CITY WATER BOARD

May 23, 2014

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 May 14, 15, 16, 19 and 20, 2014, and a transcript of each hearing along with all written statements submitted by May 20, 2014 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, 2014 (“FY 2015”), (ii) the City with respect to (a) the amounts which the City reasonably anticipates it will expend during FY 2015 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 2015; and

WHEREAS, based on the requirements set forth in the Board's annual budget for FY 2015 and the testimony and statements submitted at the aforementioned public hearings, the

Board has determined that, effective July 1, 2015, the water rate for all in-City customers, flat rate and metered, should increase by 3.35% over the rate in effect in Fiscal Year 2014, except for the minimum charge for meter-billed customers, which will remain at the Fiscal Year 2014 rate, and that the rate for wastewater 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) various modifications to the leak forgiveness program including, but not limited to, extending the program to include leaks of maintainable plumbing fixtures for any customer who, within 120 days, fixes a leak that resulted in a high bill and decreasing the time to apply for the program from 18 months to within 120 days of the high bill, 2) an extension of the response time for customers to file final appeals from 30 to 60 days, 3) an exclusion from the lien sale for customers who have filed an appeal prior to the publication of the 90-day lien sale list, 4) a suspension of interest for 90 days when previously under-billed consumption is billed after the installation of a wireless meter reading device, 5) an extension until June 30, 2016 for properties automatically enrolled in the Multiple-family Conservation Program in Fiscal Year 2013 to have a meter and automated meter reading device installed, 6) an increase in the Sewer Service Line Protection Policy annual rates from \$95.88 to \$101.64 per sewer service line contract, 7) new miscellaneous fees in connection with the Toilet Replacement Program, including an Installation Confirmation Form Enforcement Administrative Fee of \$50 and a Toilet Installation Enforcement Administrative Fee of \$250 plus the full value of the redeemed fixture voucher, and 8) various clarifications to existing policies and procedures set forth in the Board's revised Water and Wastewater Rate Schedule for Fiscal Year 2015, as described in the public notice, the New York City FY2015 Water and Wastewater Rate Report dated May 2014, and the Board's Water

and Wastewater Rate Schedule for Fiscal Year 2015, should be approved as recommended by staff; it is therefore

RESOLVED, that the Water and Wastewater Rate Schedule for Fiscal Year 2015, a copy of which is attached hereto, which reflects an increase of 3.35% for in-City water rates as well as the new and modified billing policies, programs and fees as described above is hereby approved.

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Water Board Update

May 23, 2014

Revenue Collections - FY 2014

- FY 2014 collections are \$176 million or 6% ahead of plan

Revenue Collections vs. Plan (\$M)

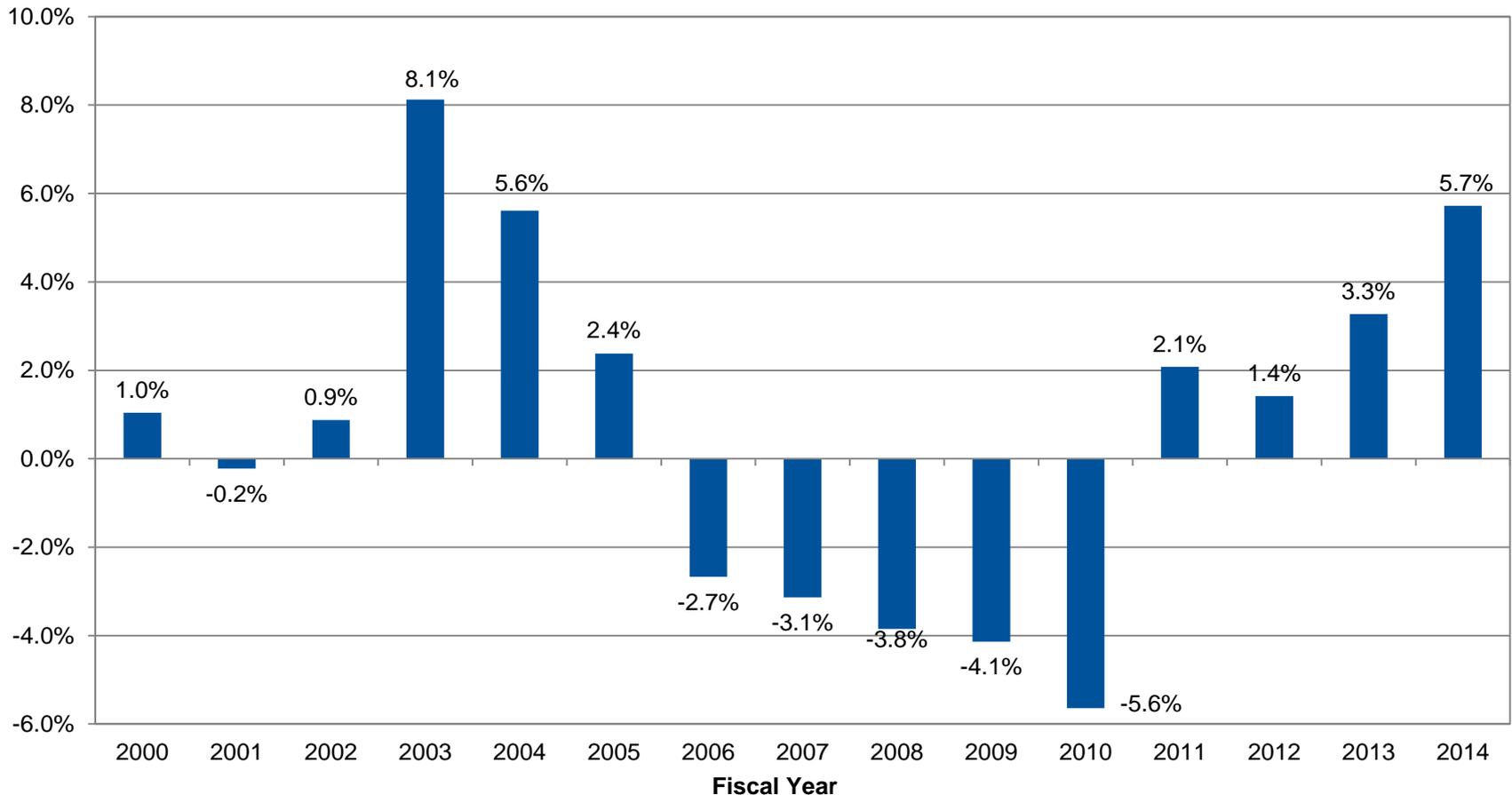
	FY 2014 Collections	Prorated FY 2014 Plan	Difference in Amount	Percentage Difference
July	\$834	\$788	\$46	6%
August	\$305	\$311	-\$6	-2%
September	\$218	\$189	\$29	15%
October	\$247	\$237	\$10	4%
November	\$217	\$207	\$10	5%
December	\$223	\$205	\$18	9%
January	\$241	\$240	\$1	1%
February	\$225	\$196	\$28	14%
March	\$233	\$216	\$17	8%
April	\$244	\$236	\$8	4%
May (15 collection days)	\$187	\$173	\$14	8%
Total	\$3,175	\$2,999	\$176	6%

	FY 2014 Plan through May	Amount Uncollected (YTD)	May Plan	Amount Uncollected (May)	Percentage Uncollected (May)	Per Day Collections to Make Plan
Total	\$3,068	\$0	\$242	\$55	23%	\$9

Historical Revenue

- Through April, year-to-date revenue collections were \$162 million or 5.7% ahead of plan
- This was only the fourth time in nine years that revenues were ahead of plan at the end of April

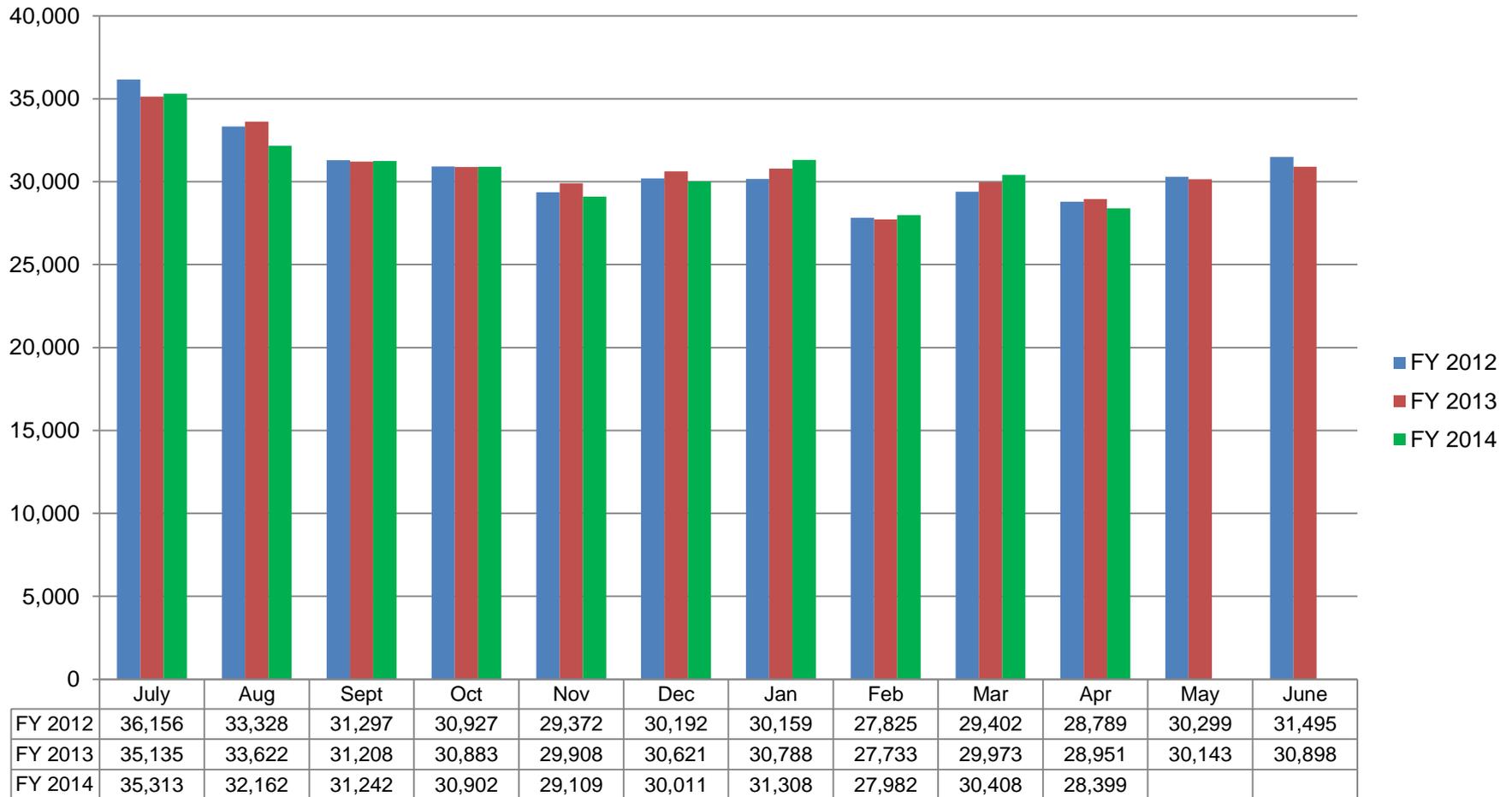
Fiscal Year Revenue Relative to Plan*



*Reflects Fiscal Year-to-Date revenues from July through April

- Through April of FY 2014, DEP has distributed 0.6% less water than during the same period in FY 2013 and 0.2% less water than in FY 2012

Millions of Gallons of Water Distributed – Year-Over-Year Comparison



FY 2014 Lien Sale

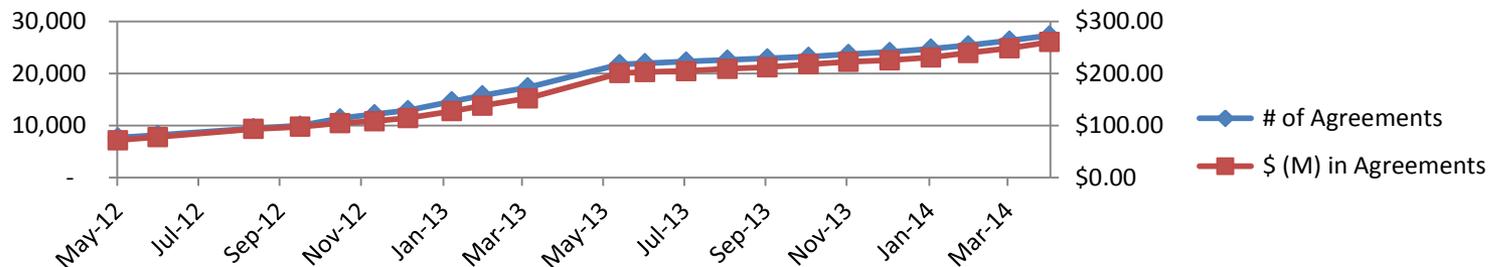
- 8,086 liens with \$100.1 million in overdue charges were on the 10-day Notice list for the FY 2014 lien sale
- This is approximately 14% less than the value of liens on the 10-day Notice list in FY 2013

	FY 2013 Lien Sale		FY 2014 Lien Sale*		% Change	
	BBL Count	Lien Amount	BBL Count	Lien Amount	BBL Count	Lien Amount
90-Day Notice	19,924	\$216,824,488	16,267	\$192,950,425	-18%	-11%
60-Day Notice	15,341	\$165,657,017	13,551	\$149,237,360	-12%	-10%
30-Day Notice	11,370	\$131,438,111	10,156	\$122,297,451	-11%	-7%
10-Day Notice	9,475	\$116,318,946	8,086	\$100,084,434	-15%	-14%
Regular Sale	1,416	\$15,759,838	-	-	-	-
Subsequent Sale	537	\$4,311,307	-	-	-	-
Total Sold	1,953	\$20,071,145	-	-	-	-
Percentage Sold	10%	9%	-	-	-	-

Revised Payment Agreement: Down Payments*

- In January 2012, DEP amended its payment agreement terms to allow customers to enter into an agreement for as little as 0% for up to 10 years

Duration (Years)	Number of Agreements	% of Total	Agreement Amount (m)	% of Total	Average Down Payment
0 to 1	1,753	6%	\$17.2	7%	13%
1 to 2	2,438	9%	\$11.9	5%	8%
2 to 3	2,054	8%	\$12.3	5%	7%
3 to 4	1,053	4%	\$4.6	2%	8%
4 to 5	4,561	17%	\$30.1	12%	6%
5 to 6	504	2%	\$2.5	1%	3%
6 to 7	432	2%	\$2.3	1%	5%
7 to 8	287	1%	\$1.7	1%	4%
8 to 9	375	1%	\$3.3	1%	2%
9 to 10	13,832	51%	\$174.5	67%	2%
Total	27,289	100%	\$260.3	100%	4%



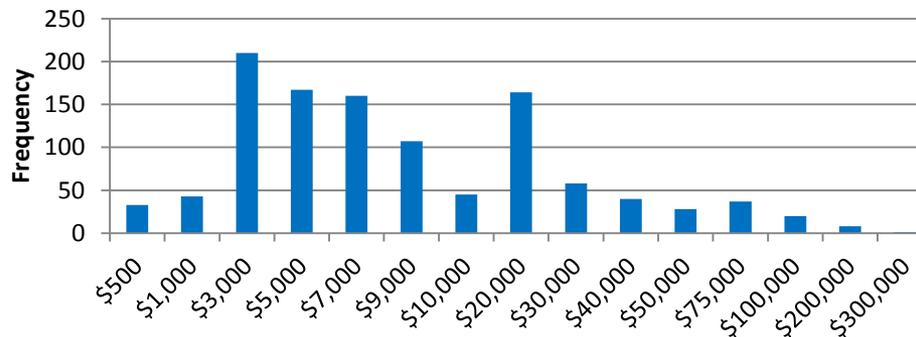
*Data includes payment agreements created between 1/1/12 and 5/1/14

Metered Conversion Comparison

- The pace of customers converting from flat-rate billing to metered charges continues to decline
- 1,169 customers with annual charges of \$15.4 million have converted to metered charges since July 2013

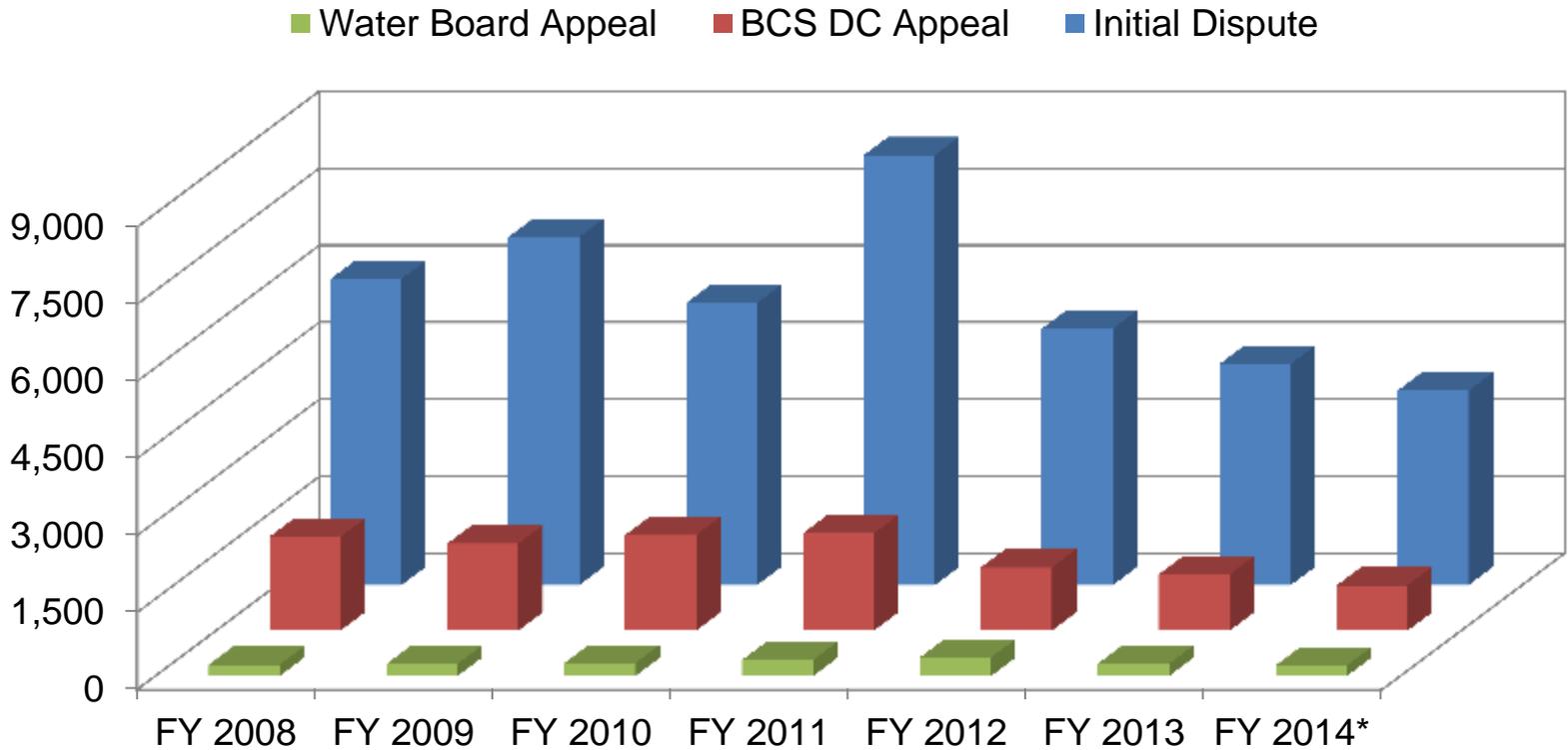
Month	FY 2012 Conversions		FY 2013 Conversions		FY 2014 Conversions		% Change (FY14 vs. FY12)	
	Accounts	Dollar Value	Accounts	Dollar Value	Accounts	Dollar Value	Accounts	Dollar Value
July	222	\$1,943,909	688	\$9,424,061	311	\$3,807,220	40%	96%
August	356	\$3,657,864	317	\$4,207,692	173	\$2,585,553	-51%	-29%
September	210	\$2,714,435	228	\$2,631,704	106	\$1,271,132	-50%	-53%
October	283	\$1,882,624	154	\$1,666,775	121	\$1,637,890	-57%	-13%
November	279	\$2,197,163	135	\$1,387,808	68	\$617,585	-76%	-72%
December	147	\$1,978,166	101	\$1,231,749	87	\$960,734	-41%	-51%
January	133	\$1,684,076	137	\$1,611,291	85	\$1,247,611	-36%	-26%
February	154	\$1,513,840	106	\$1,147,543	48	\$527,764	-69%	-65%
March	223	\$2,675,510	130	\$1,782,436	80	\$1,567,986	-64%	-41%
April	218	\$2,058,751	102	\$1,726,737	90	\$1,213,097	-59%	-41%
May	42	\$270,708	207	\$1,666,404				
June	342	\$5,755,495	167	\$2,722,857				
July - April	2,225	\$22,306,337	2,098	\$26,817,795	1,169	\$15,436,572	-47%	-31%

Frequency vs. FY14 MCP Bill



FY 2008 - FY 2014 Billing Dispute Summary

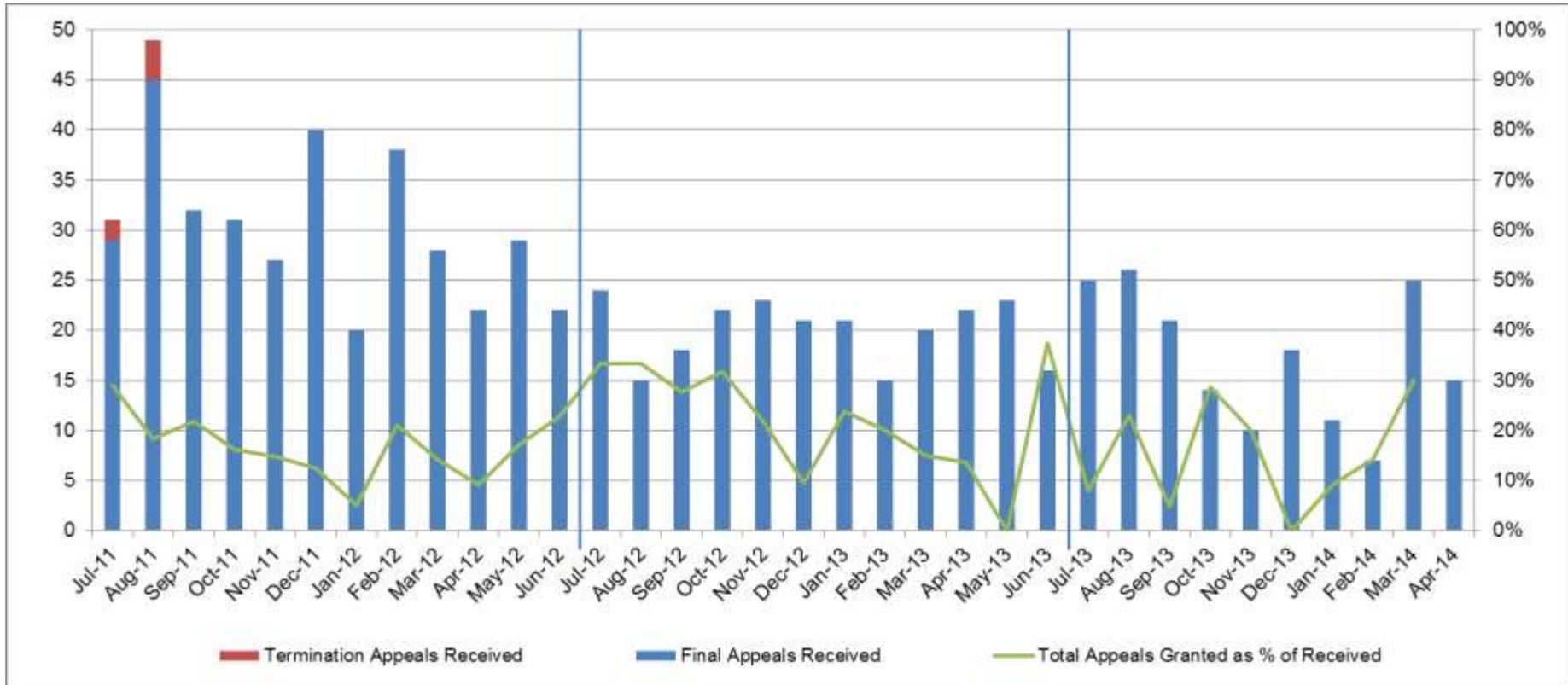
- FY 2014 is on pace to set a new seven-year low in disputes received



Initial Dispute	5,960	6,774	5,491	8,372	4,991	4,306	3,787
BCS DC Appeal	1,828	1,694	1,860	1,894	1,229	1,094	880
Water Board Appeal	219	236	250	312	363	240	206

* FY 2014 figures are an annual projection based on 3,156 Initial Disputes, 733 BCS DC Appeals, and 172 Water Board Appeals received from July 1, 2013 to April 30, 2014

Water Board Final Appeals

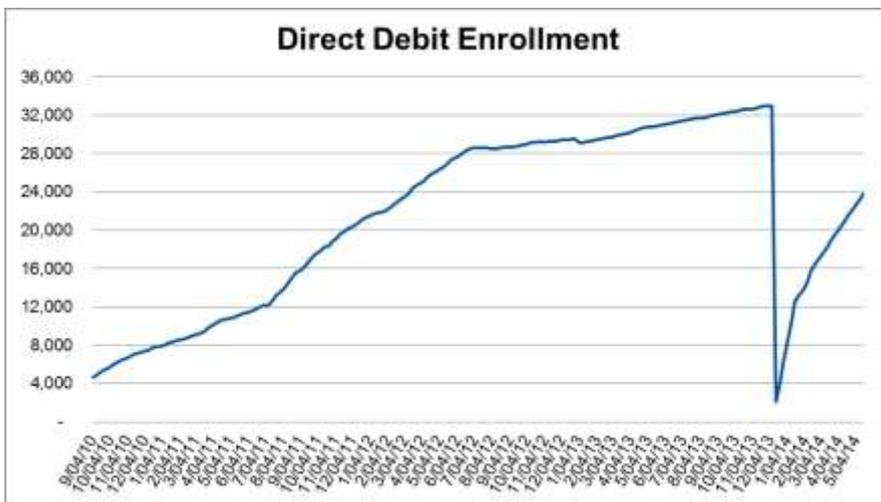
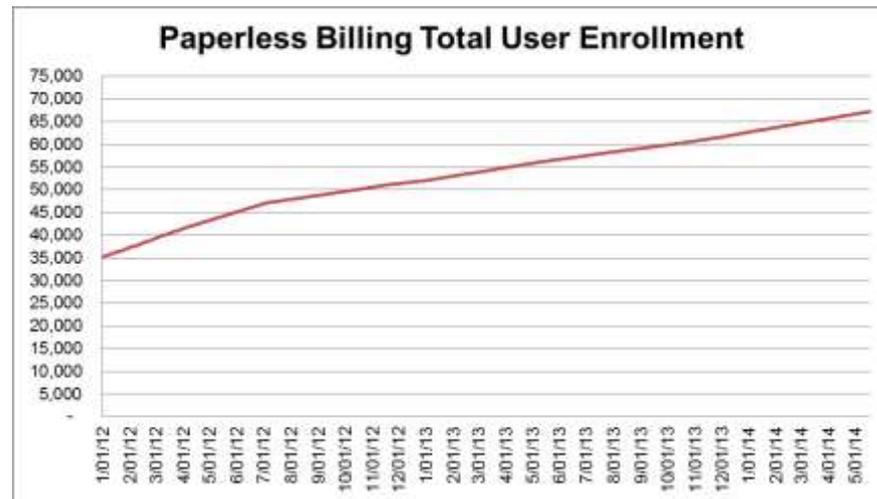
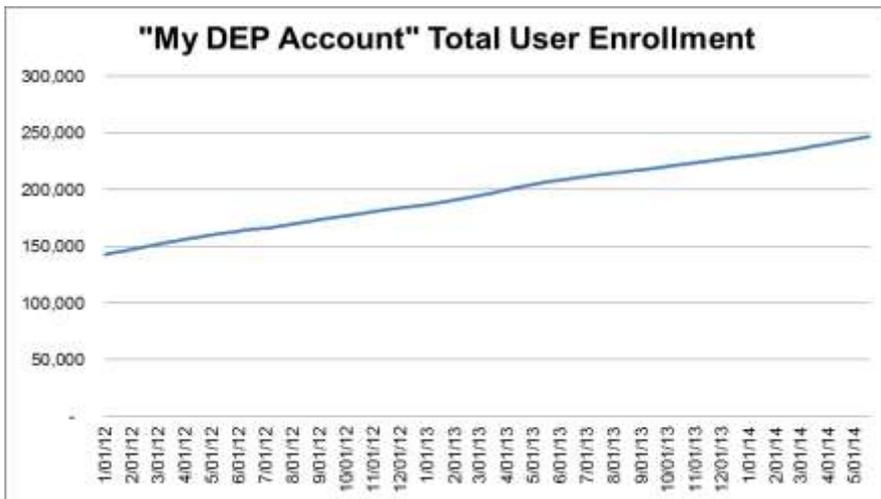


	Final Appeals Received	Final Appeals Granted	Final Appeals Partially Granted	% Granted of Appeals Reviewed in FY	Termination Appeals Received	Termination Appeals Granted	Termination Appeals Partially Granted	% Granted of Appeals Reviewed in FY
FY 2012	363	19	42	17%	6	1	2	50%
FY 2013	240	9	43	22%	0	0	0	0%
FY 2014*	172	12	8	14%	0	0	0	0%

* Includes appeals received through April 2014; 24 FY 2014 appeal decisions are pending as of May 22

DEP Online Initiatives

DEP Online Services	My DEP Account		Direct Debit Users	Paperless Billing Users	Leak Notification Users
	Total Enrollees	Total Accounts			
Enrollees	238,729	320,999	23,754	56,174	206,805

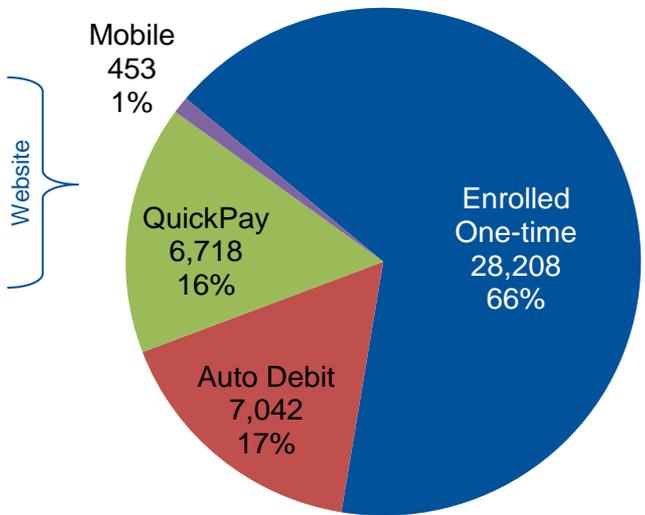


April Customer Collections

- Transition to Citibank payment processing occurred in December 2013, and NYCServ's website began redirecting water and sewer payments to DEP's website in February 2014
- Number of water and sewer payments made via a web-based system (e.g., enrolled one-time, auto debit, QuickPay, mobile) is 11% higher (+4,101 payments) than in April 2013
- Due to a security requirement that customers enter their bank account information on the new Citibank website, auto debit payment volume is 30% lower than March 2013, but it is up by 482% since December
- Phone-based (IVR) payments have also increased by 25% since a year ago; customer mailings have mentioned IVR payment option, and flow of IVR recording has been streamlined to improve customer experience

Payment Venue	April 2013	April 2014	April 2014 % of Total	Year-over-year Change
Lockbox	154,553	143,774	53%	-7%
Remittance & Borough Office	8,199	10,615	4%	29%
Customer Bank Payments	49,257	53,802	20%	9%
Web (incl. NYCServ)	28,306	35,379	13%	25%
ACH (incl. NYCServ)	25,699	31,935	12%	24%
Credit Card (incl. NYCServ)	2,607	3,444	1%	32%
Auto Debit	10,014	7,042	3%	-30%
ACH	9,663	6,431	2%	-33%
Credit Card	351	611	0%	74%
IVR	15,723	19,696	7%	25%
ACH	14,690	18,442	7%	26%
Credit Card	1,033	1,254	0%	21%
Apple B./Western U.	314	34	0%	-89%
NYCServ	2,204	1,933	1%	-12%
Grand Total	268,570	272,275	100%	1%

Web Payments via Citibank Solution April 2014



Web + Auto Debit **38,320** **42,421** **16%** **11%**

Total: 42,421

* Item Count for Remittance and Borough Office does not include payments deposited for presentment only

Enrollment & Claim Summary

A & B - Enrolled Customer Count and Claims By Month

Month	Total Enrolled Customers	Claims Commenced				Approved Claims Rate for Effective Policies			
		WSLPP	SSLPP (Non-Repair)	SSLPP (Repair/Replace)	Total	WSLPP	SSLPP (Non-Repair)	SSLPP (Repair/Replace)	Warranty Claims Commenced
May-13	92,492	46	144	25	215	0.67%	2.09%	0.36%	62
Jun-13	96,401	44	120	28	192	0.59%	1.61%	0.38%	8
Jul-13	98,991	43	97	42	182	0.55%	1.24%	0.54%	27
Aug-13	100,380	40	81	51	172	0.49%	1.00%	0.63%	18
Sep-13	101,484	37	104	64	205	0.45%	1.26%	0.78%	34
Oct-13	102,714	45	136	56	237	0.54%	1.63%	0.67%	21
Nov-13	102,031	39	185	59	283	0.47%	2.21%	0.71%	28
Dec-13	102,745	47	212	48	307	0.56%	2.51%	0.57%	25
Jan-14	106,440	76	203	34	313	0.89%	2.38%	0.40%	52
Feb-14	127,820	45	145	43	233	0.52%	1.68%	0.50%	46
Mar-14	137,677	71	236	60	367	0.75%	2.48%	0.63%	47
Apr-14	140,504	71	253	48	372	0.64%	2.28%	0.43%	63
Total (May 2013-April 2014)		604	1,916	558	3,078	0.60%	1.89%	0.55%	431

C - Calls Received

Month	Enrollment Questions	Billing Questions	Repair Requests	Total
Apr-14	1,612	2,586	1,261	5,459

D - Call Center Statistics

Month	Avg Answer Time	Avg Hold Time	Avg Resolution	% of Calls Handled
Apr-14	0:42	0:31	06:14	98.76%

E - Total Claims Summary

Month	Approved Claims	Denied Claims	Total Claims	Customer Satisfaction
Apr-14	372	272	644	93.23%

F - Claims Detail

Month	Initial Claims Commenced	Initial Claims Completed	Warranty Claims Commenced	Warranty Claims Completed
Apr-14	372	371	63	58

April Initial Claim Breakdown

# of Claims Commenced	% of Claims Commenced	Type of Claim
207	56%	Sewer Line Cleaning
46	12%	Sewer Line Jetting
47	13%	Sewer Line Repair
1	0%	Sewer Line Full Line Replacement
11	3%	Water Line Repair
60	16%	Water Line Full Line Replacement
372		Total

Claims Denied

Reason for Claim Denial	% of Total	#
In Home Plumbing Issue	24.6%	67
Customer Hires Own Contractor or Made Own Repairs	12.5%	34
No Issue Found	11.8%	32
Storm/French/Basement Drain System	8.8%	24
Blockage in City Main	7.7%	21
Not Enrolled	7.4%	20
Occurred Prior to Effective Date	6.3%	17
Sewer Odor but No Issue with Line	3.3%	9
Low Pressure/Noise in Lines	2.9%	8
Leak of drainage system	2.9%	8
Refuses to Cooperate with AWR	2.6%	7
Damage Due to Third Party Negligence, Misuse or Misconduct	2.2%	6
Upgrade/update to meet codes	1.8%	5
Non-leaking Shut-off Valve	1.1%	3
Shared Line or Customer Not Responsible for Line	1.1%	3
Connections/Extensions to Sewer Line	0.7%	2
Clogged/Blocked Water Line	0.7%	2
Foundation Leak	0.4%	1
Insurable Cause - Natural Disaster, Floods, Sinkholes, Earthquakes, Landslides	0.4%	1
Pumps	0.4%	1
Water Company Side	0.4%	1
April Total	100.0%	272

Policies Cancelled

- The number of policies cancelled in April is 0.38% of approximately 133,400 policies that were effective in April

Reason for Policy Cancellation	% of Total	#
Property Transfer/Delinquency	35.8%	182
Customer Request	29.5%	150
Moving	12.6%	64
Cost/Cannot Afford	6.3%	32
Enrolled in Error	5.9%	30
Buyers Remorse	4.1%	21
Recent Repair	2.0%	10
Customer Not Eligible	0.8%	4
Customer Deceased	0.8%	4
Denied Claim	0.6%	3
Billing Issue	0.6%	3
Unsatisfied with T&Cs	0.4%	2
Uses Competitor's Service	0.4%	2
Change Program	0.2%	1
April Total	100.0%	508

Annual Impact of OpX Initiatives (\$ in millions)

