

NEW YORK CITY WATER BOARD MEETING

AGENDA

Friday, September 21, 2012 - 8:30 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 June 15, 2012 Meeting
3. Presentation: DEP Operational and Financial Update

NEW YORK CITY WATER BOARD

September 21, 2012

RESOLUTION

WHEREAS, the Board has reviewed the Minutes of the previous meeting of the Board held on June 15, 2012, it is therefore

RESOLVED, that the Minutes of the meeting of the Board held on June 15, 2012 be, and hereby are adopted.



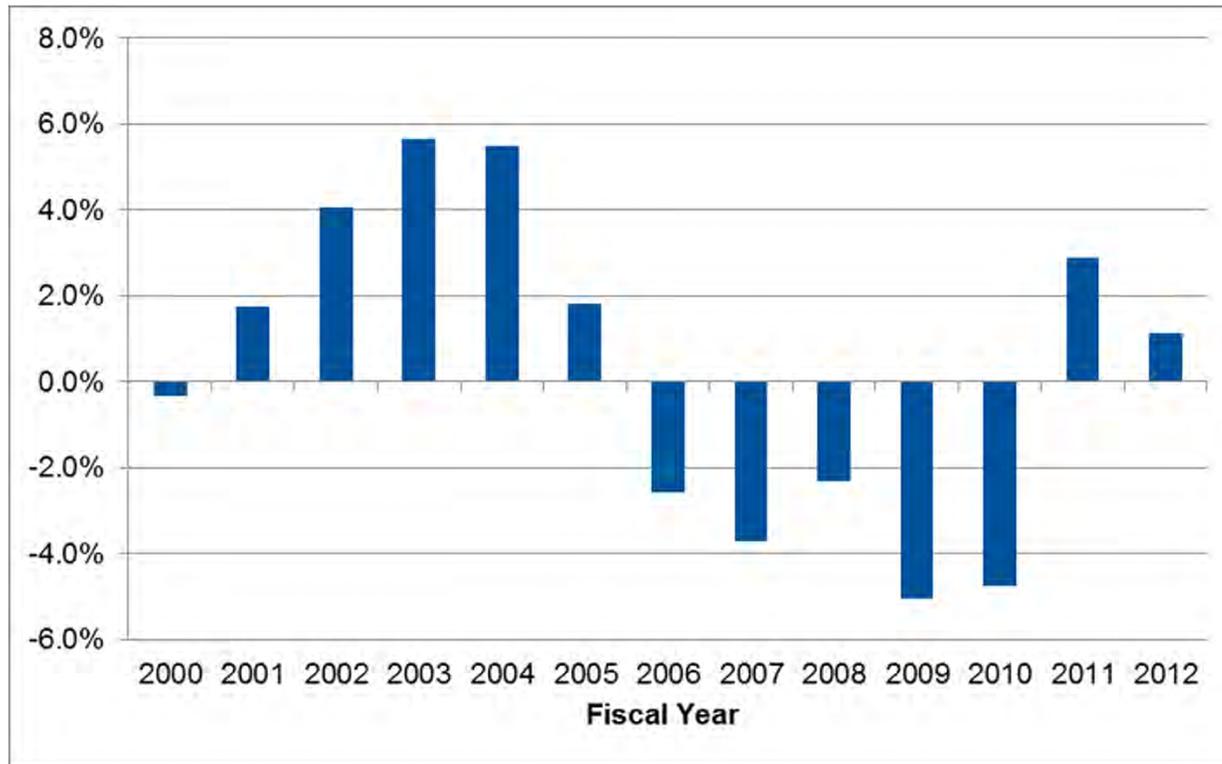
Water Board Update

September 21, 2012

Revenue Collection – Historical Comparison

- For FY 2012, revenue collections were \$3.14B, which exceeded plan by \$35M or 1%. It was the second time in seven years that collections were ahead of plan

Collections vs. Plan



Revenue Collections - FY 2013

Revenue Collections vs. Plan (\$M)

	FY 2013 Collections	Prorated FY 2013 Plan	Difference in Amount	Percentage Difference
July	\$764	\$764	\$0	0%
August	\$309	\$302	\$8	3%
September (12 collection days)	\$119	\$129	-\$10	-7%
Total	\$1,193	\$1,195	-\$2	0%

	FY 2013 Plan through September	Amount Uncollected (YTD)	September Plan	Amount Uncollected (September)	Percentage Uncollected (September)	Per Day Collections to Make Plan
Total	\$1,270	\$77	\$204	\$85	42%	\$12

Lien Sale

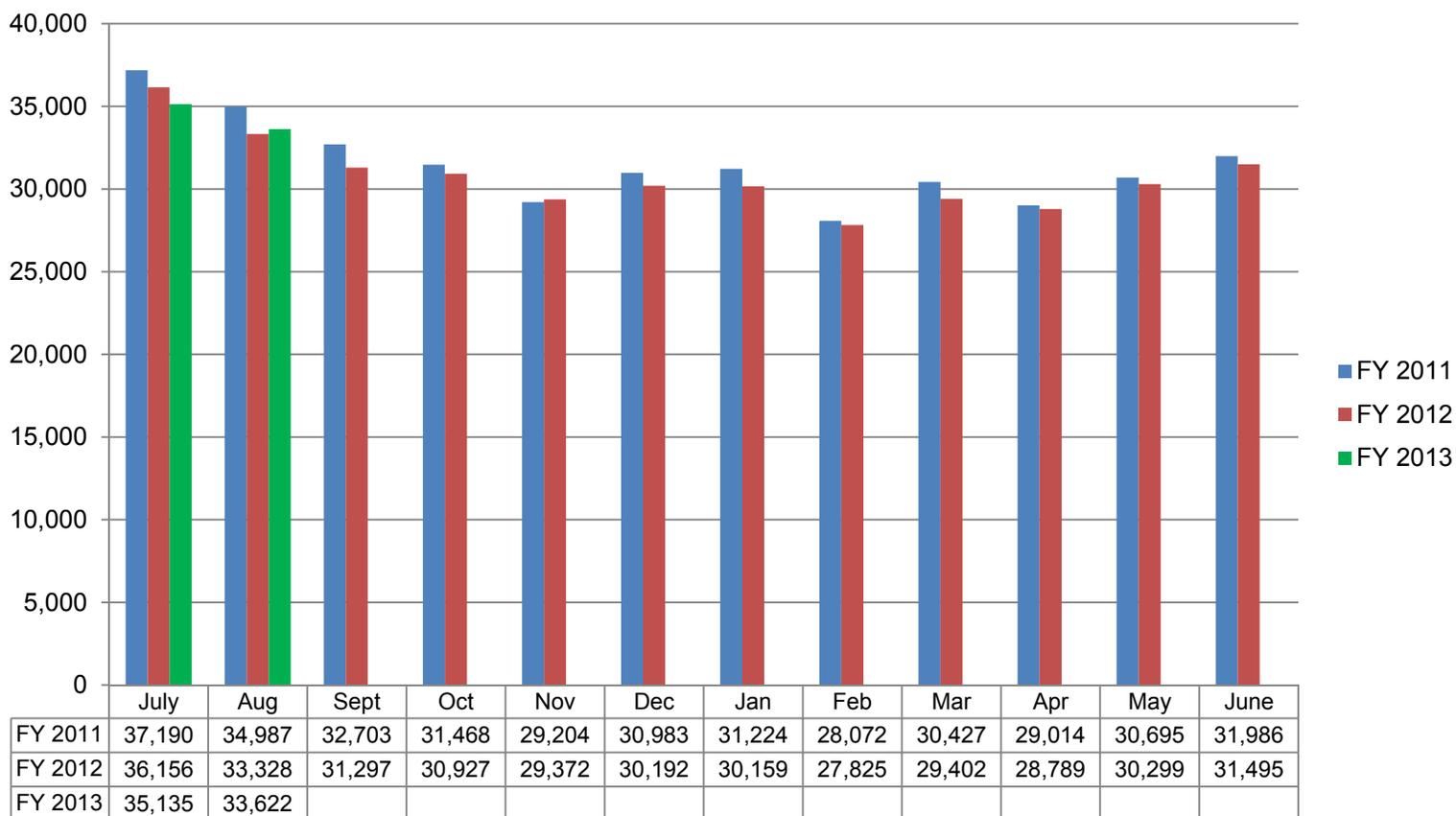
- Lien sale authorization was extended March 2011, and two lien sales occurred in FY 2012
- The subsequent sale at the end of July raised \$2.5M of revenue

	FY 2012 Lien Sale 1		FY 2012 Lien Sale 2		% Change	
	BBL Count	Lien Amount	BBL Count	Lien Amount	BBL Count	Lien Amount
90-Day Notice	16,818	\$164,656,405	15,449	\$150,779,801	-8%	-8%
60-Day Notice	12,871	\$125,808,281	10,643	\$92,705,003	-17%	-26%
30-Day Notice	10,377	\$106,818,554	7,529	\$63,557,634	-27%	-40%
10-Day Notice	9,180	\$97,784,971	5,628	\$50,383,592	-39%	-48%
Regular Sale	1,074	\$11,488,510	855	\$8,213,312	-20%	-29%
Subsequent Sale	640	\$4,606,323	305	\$2,538,570	-52%	-45%
Total Sold	1,714	\$16,094,834	1,160	\$10,751,882	-32%	-33%
Percentage Sold	10%	10%	8%	7%	-26%	-27%

In-City Distribution

- FY 2013-to-date, DEP distributed 1.0% less water than during the same period of FY 2012, and 4.7% less water than in FY 2011

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

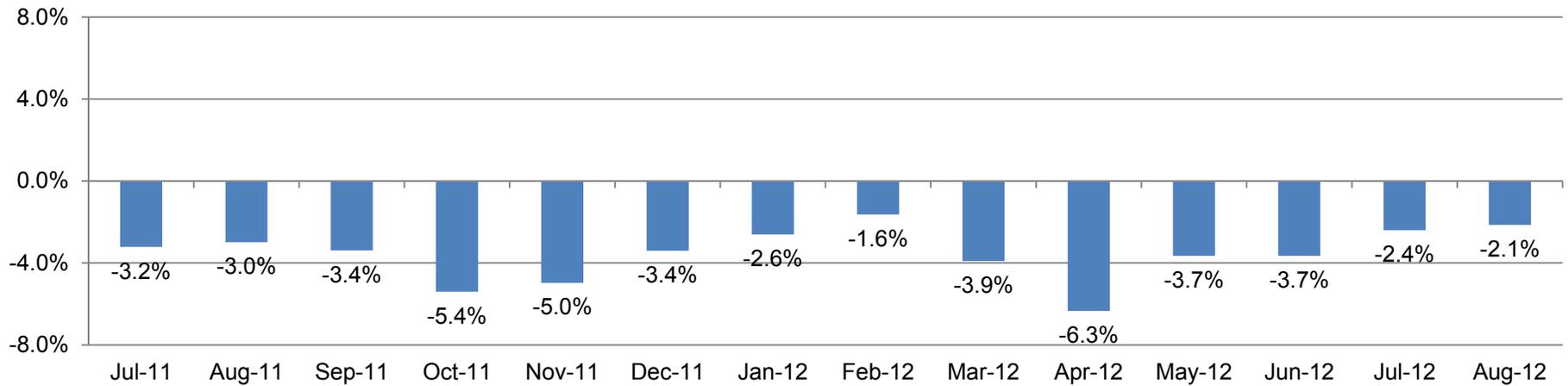


Data as of September 1, 2012

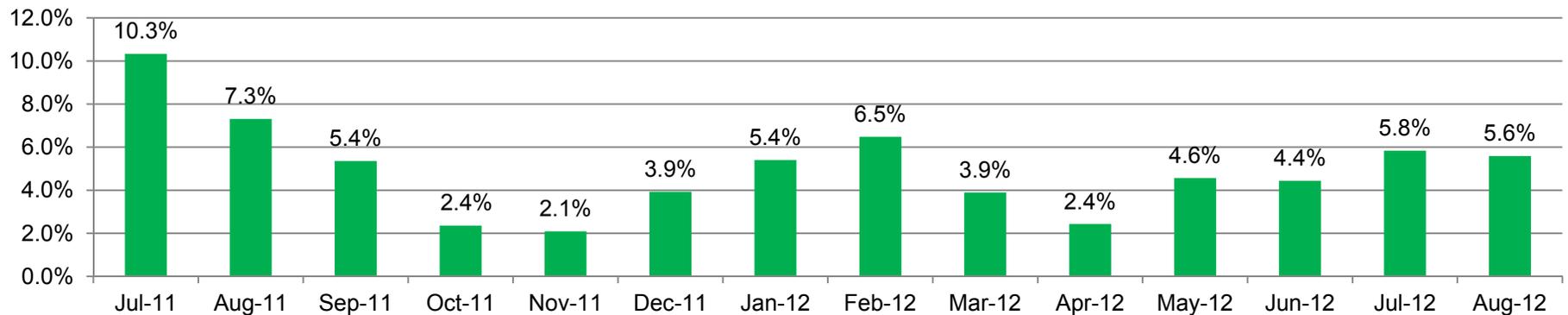
Change in Metered Consumption

“Same-customer Sales” Year-over-year Comparison

1. Year-over-year changes in billed consumption have been negative for the past year



2. Year-over-year changes in total billed dollar amount have been positive, primarily due to the rate increases



Data as of September 1, 2012

Metered Conversion Comparison

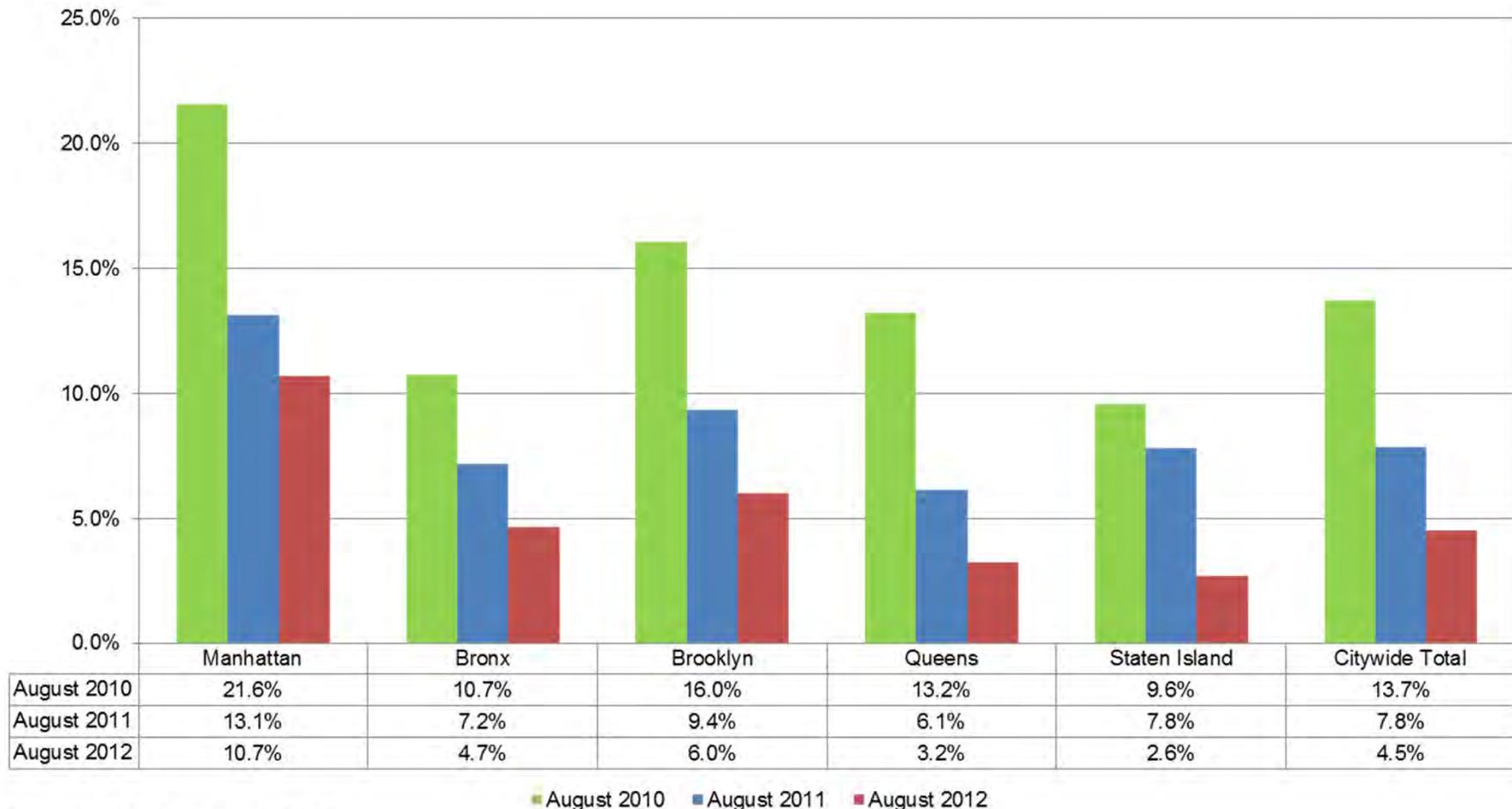
- The pace of customers converting from flat rate to metered consumption charges has accelerated in FY 2013 due to the MCP conversion
- 30,283 accounts were billed on the MCP rate in FY 2013; of these, 1,389 customers with annual charges of \$19.6 million have converted to metered charges since May

Month	FY 2012 Conversions		FY 2013 Conversions		% Change	
	Accounts	Dollar Value	Accounts	Dollar Value	Accounts	Dollar Value
May	127	\$636,487	42	\$270,708	-67%	-57%
June	96	\$479,609	342	\$5,755,495	256%	1100%
July	222	\$1,943,909	688	\$9,424,061	210%	385%
August	356	\$3,657,864	317	\$4,207,692	-11%	15%
September	210	\$2,714,435				
October	283	\$1,882,624				
November	279	\$2,197,163				
December	147	\$1,978,166				
January	133	\$1,684,076				
February	154	\$1,513,840				
March	223	\$2,675,510				
April	218	\$2,058,751				
May - August	801	\$6,717,868	1,389	\$19,657,956	73%	193%

Estimated Bills: Before and After AMR

- DEP has installed 819,000 wireless reading devices, or 96% of target
- As a result, the percentage of estimated bills in May has dropped 67% since 2010 to 4.5% Citywide

Estimated Bills: August 2010 through August 2012

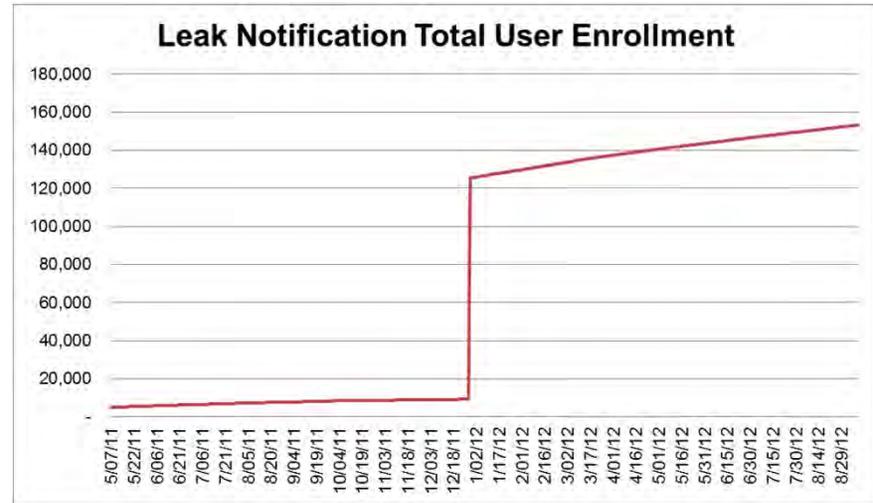
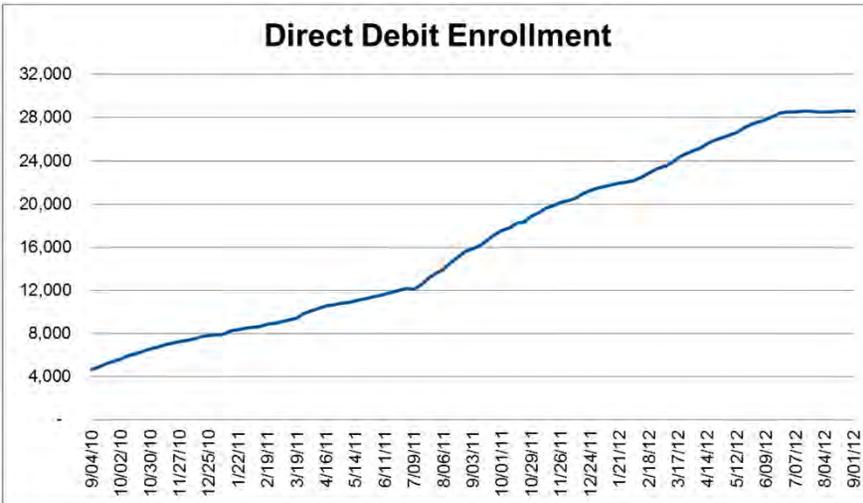
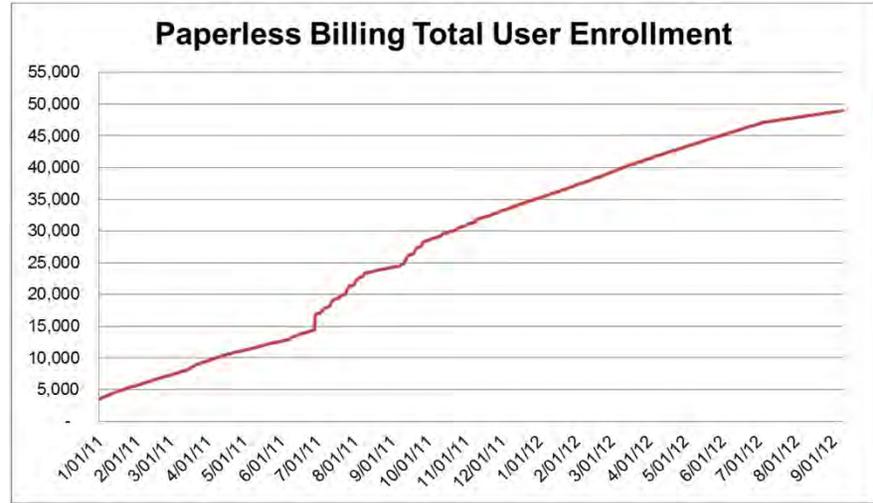
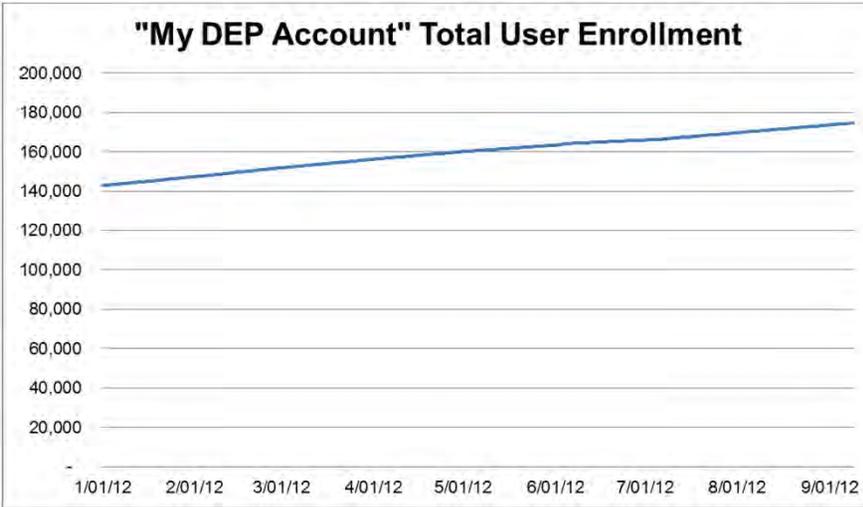


Data as of September 1, 2012

DEP Online Initiatives



DEP Online Services	My DEP Account		Direct Debit Users	Paperless Billing Users	Leak Notification Users
	Total Enrollees	Total Accounts			
Enrollees	174,635	223,649	28,634	48,981	153,200



Data as of September 9, 2012

Direct Debit & Paperless Billing Enrollment



- The 2% discount program expired June 30, 2012
- The total discount paid in FY 2012 was less than \$1.5M

Direct Debit & Paperless Billing 2% Discount Program

	FY 2011	FY 2012
Total Accounts Enrolled as of June 30	11,981	28,559
Total # of Payments Received	26,882	76,520
Total Amount of Payments Received	\$18,852,353	\$73,339,392
Total Discount Paid	\$383,202	\$1,466,411
Discount as a % of Total Revenue Collected	0.013%	0.047%

- **Catskill/Delaware Ultraviolet Disinfection Facility (UV)**
 - Construction is 85% complete; met milestone for commencing operation of 1st quadrant by August 3rd
 - A portion of City's daily water supply was receiving UV treatment as early as July
 - DEP negotiated a revised deadline for full operation to address increased validation requirements and other start-up issues

- **Croton Filtration Facility**
 - Construction is 81% complete
 - DEP requested modification to consent decree to provide for startup and testing by December 31, 2012; current forecast is mid-January 2013
 - Commencement of operations is forecast for May 2013 (Plant A) and August 2013 (Plant B)
 - DEP could owe penalties of up to \$67.5M (an incremental \$7.5M for mid-January startup), if EPA does not grant the modified consent dates

- **Hillview Reservoir Cover**
 - DEP met with EPA in late-May regarding alternatives to Hillview Reservoir cover
 - DEP is working with EPA to develop incremental monitoring plan that would potentially mitigate sufficient risk without constructing a cover
- **Filtration Avoidance Determination (FAD)**
 - DEP's FAD for watershed is in effect until 2017
 - DEP expects to receive revised 5-year plan from EPA with measures such as flood hazard mitigation initiatives implemented after Hurricane Irene in 2011
- **Gowanus Canal and Newtown Creek Superfund Sites**
 - Remedial investigation for Gowanus Canal complete; DEP submitted work plan to EPA for additional sampling
 - Remedial investigation and sampling at Newtown Creek are underway

Regulatory Update

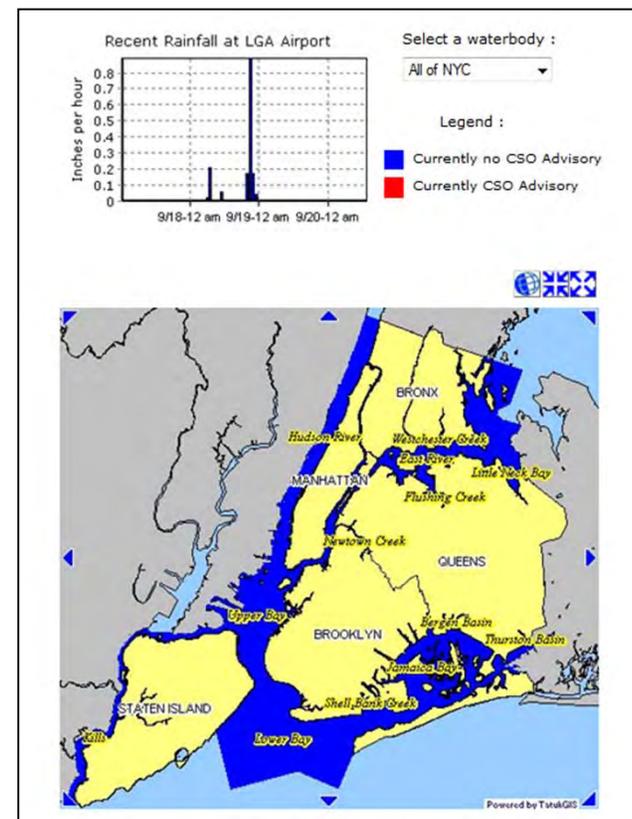
- **North River Wastewater Treatment Plant**

- Reconstruction nearing completion; total projected costs of \$54.4M
- DEC issued Notice of Violation to DEP with regards to discharges as a result of the fire; DEP and DEC are in settlement discussions

- **Sewage Right to Know Act**

- Adopted by Governor Cuomo on August 9th
- Will take effect May 1, 2013
- DEC intends to promulgate rules regarding additional notification requirements

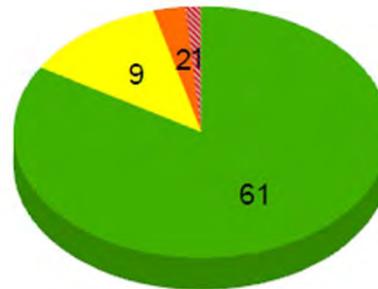
Current Online Advisories



PMIS Summary

Consent Decree Milestone

Schedule Performance



Forecast, On-Time	61	83.6%
Forecast, 0 to 3 Months Delay	9	12.3%
Forecast, 3 to 6 Months Delay	2	2.7%
Forecast, Delay More Than 6 Months	1	1.4%
Total:	73	100.0%

PMIS Budget Performance Summary Report

Baseline Budget	\$17,143,084,709
Amount Spent to Date	\$13,504,322,720
Estimated Cost to Complete	\$5,059,956,926
Total Estimated Cost at Completion	\$18,564,279,646
Total Estimated Cost vs. Budget	\$1,421,194,937

OpX – Implemented Initiatives

Bureau/ OpX Focus	Initiative	Annual Savings (\$M)
Procurement	Re-pricing Negotiations for: Chlorine Fluoride Glycerin Floatables	\$2.5
	Negotiation of sodium hypochlorite contract	
	Evaluation and termination of underused cell phones	
	Fleet preventative maintenance change	
BWT	Optimize dissolved oxygen at various plants	\$0.8
BWS	Reduce Croton consent decree monitoring	\$0.2
BWS & BWSO	Change chemical dosing	\$1.5
Total		\$5.0

Achievements to Date

Procurement

- OpX advised on successful re-pricing of four contracts and bidding of sodium hypochlorite contract

Large Meters

- Initial large meter replacements have begun (24 to date)
- Data logging training completed; loggers installed on 10 properties

BWT

- Dissolved oxygen initiative: reduced power for blowing at 2 WWTPs
- Initiated pilot to increase sludge thickening by changing sludge volume ratio
- Completed reliability centered maintenance report for primary tanks

BWS

- Developed plan to consolidate work locations of staff East of Hudson
- Developed options for SCADA organization for BWS

BWSO

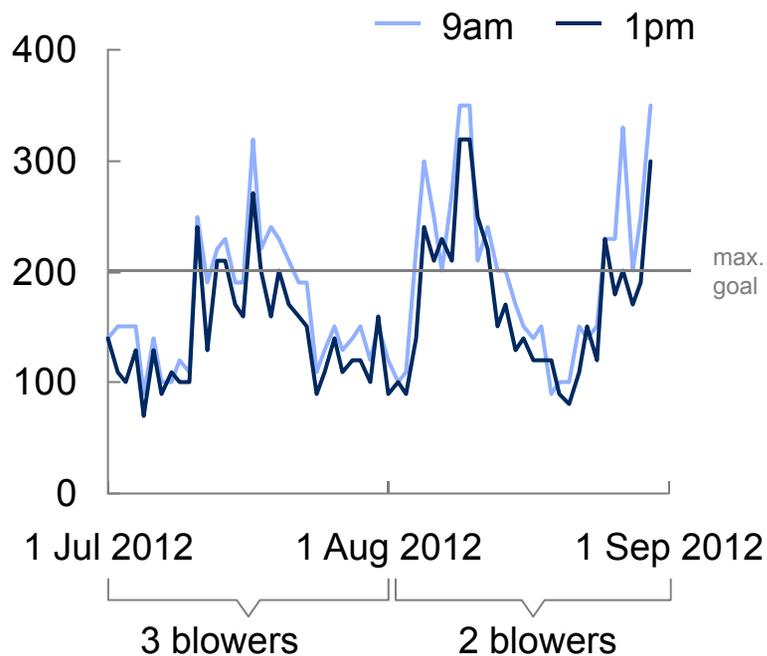
- Initiated pilot for operations at Remsen Avenue Yard
- Developed new training program to allow DEP staff to utilize mini-excavators

Aeration Pilot

At Owl's Head WWTP, a 3rd blower was turned on after cylinder readings indicated that the plant was “bulking” ...

Mixed liquor cylinder readings

mL per liter cylinder

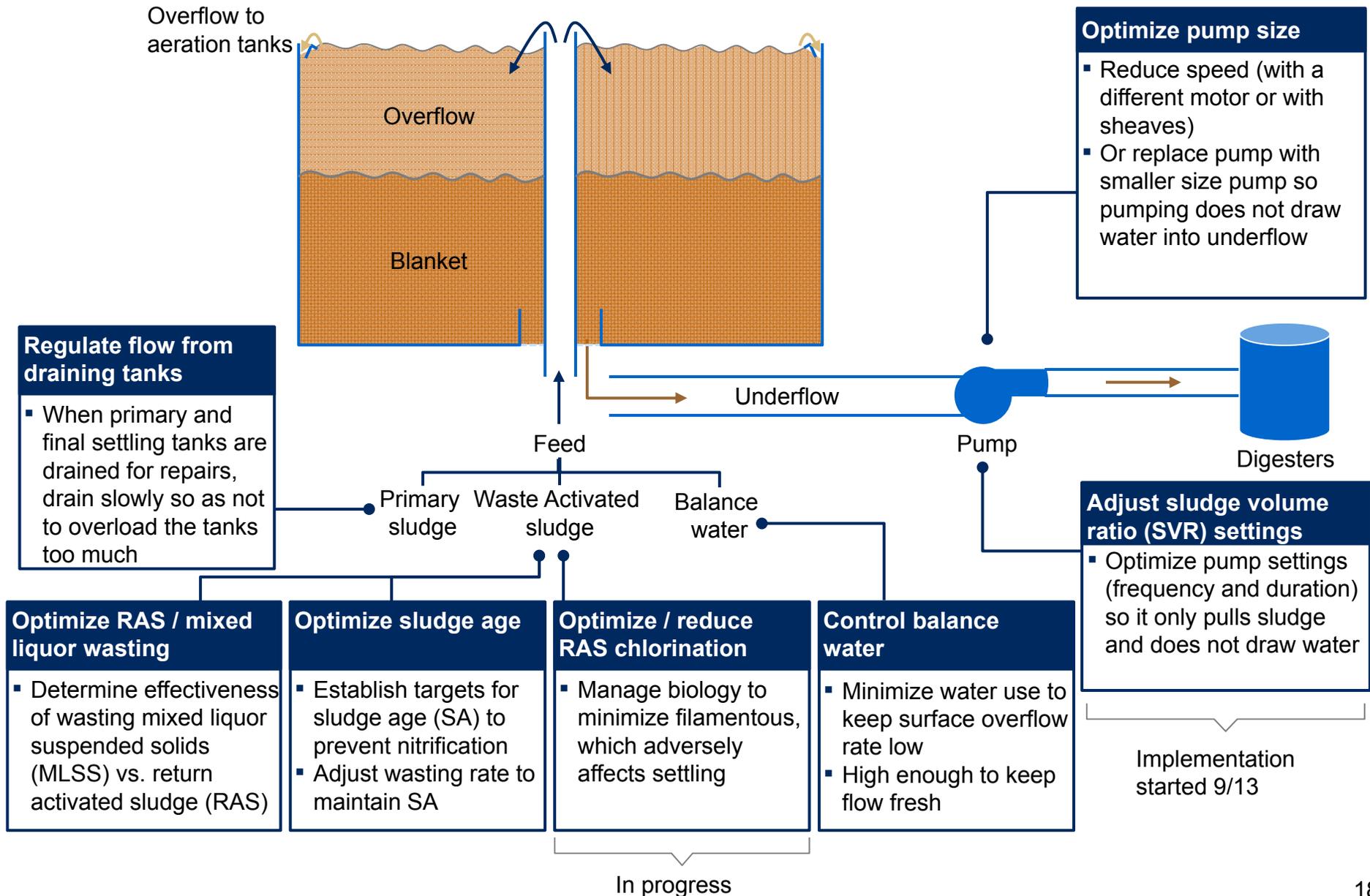


Cylinder readings are a potential early indicator that effluent compliance may be compromised. Decision was made on 9/1 to increase hypo and turn on a 3rd blower

...although dissolved oxygen (DO) levels were relatively high, and other possible causes for bulking were not investigated

Possible root cause	Metric to watch	Status on 8/30
<ul style="list-style-type: none"> Insufficient air (DO < 1.0mg/l) 	<ul style="list-style-type: none"> DO levels 	<ul style="list-style-type: none"> DO profile showed DO levels between 2.0 and 6.0 mg/l
<ul style="list-style-type: none"> Low mixed liquor pH 	<ul style="list-style-type: none"> Mixed liquor pH 	<ul style="list-style-type: none"> Not measured at Owl's Head
<ul style="list-style-type: none"> Insufficient food for amount of micro-organisms 	<ul style="list-style-type: none"> F/M ratio 	<ul style="list-style-type: none"> Not calculated at Owl's Head
<ul style="list-style-type: none"> Presence of filaments 	<ul style="list-style-type: none"> Presence of filaments in microscopic analysis 	<ul style="list-style-type: none"> Unknown
<ul style="list-style-type: none"> Presence of sulfides 	<ul style="list-style-type: none"> If significant, can be smelled 	<ul style="list-style-type: none"> Does not appear to be significant at Owl's Head

Sludge Thickening Pilot



Coming Months' Plans

Procurement

- Re-price or rebid BWSO caustic contract
 - Procure new BWT sodium hypochlorite contract
 - Initiate BWT procurement transformation wave
 - Evaluate labor rates in rotating equipment maintenance contracts and evaluate insourcing opportunities
-

Large Meters

- Complete replacement of 400 large meters in two initial phases of replacement with detailed evaluation
-

BWT

- Develop plan to reduce nitrification at Owl's Head and reduce chemical usage
 - Optimize dissolved oxygen
 - Improve sludge thickening
- Continue development of maintenance initiatives

Coming Months' Plans

BWS

- Develop work plan for rolling-out the computerized maintenance management system upstate
- Optimize cleaning at Kingston facility
- Optimize operation of HAZMAT program
- Consolidate East of Hudson reporting locations
- Identify opportunities to optimize upstate WWTP operations
- Improve operations organizational structure, including land management
- Automate chlorine dosing

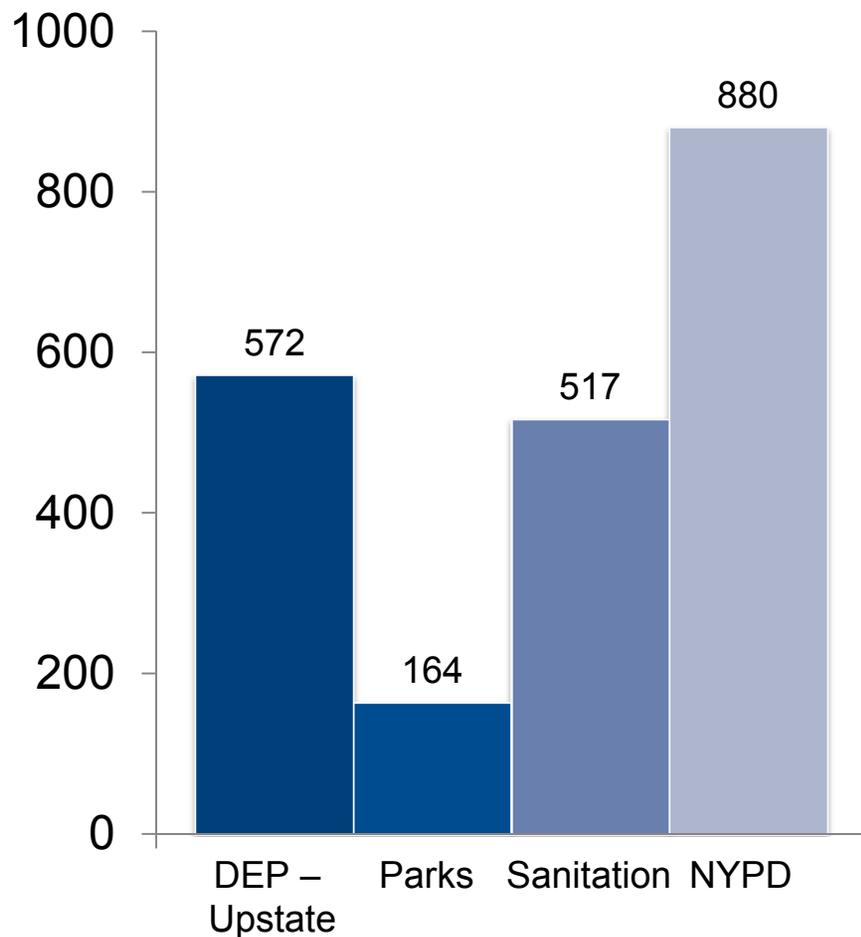
BWSO

- Implement alternative solution for backhoe contract at Remsen Avenue Yard
- Submit documents for procurement of mini-excavator rental
- Develop scorecard for Remsen Avenue Yard pilot

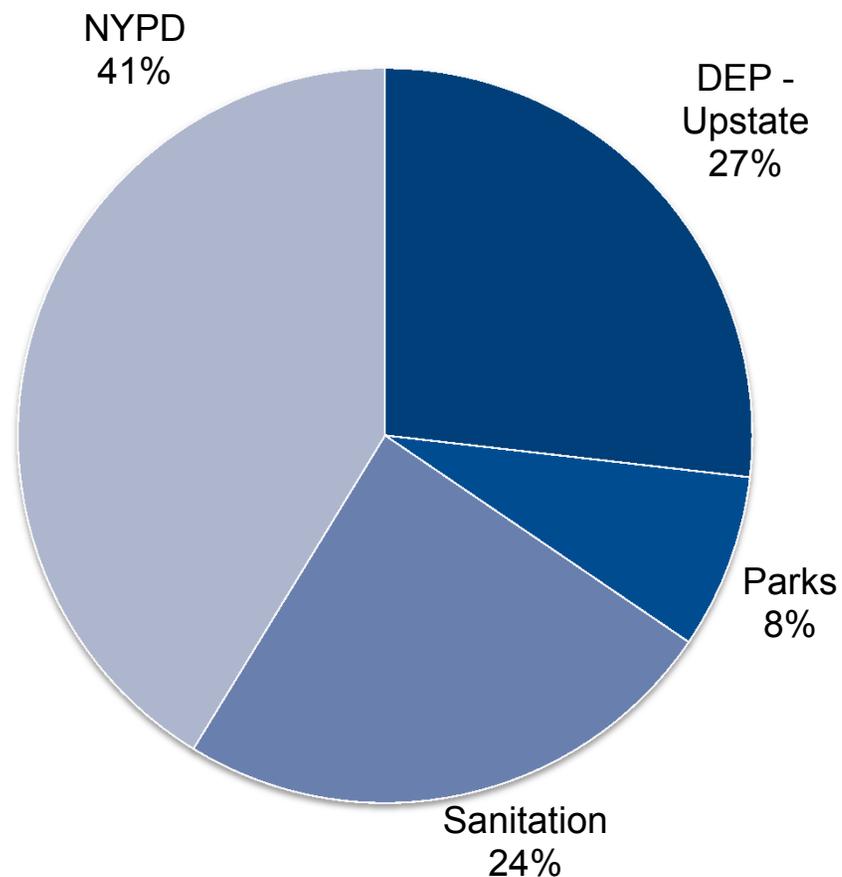
Vehicles by Service Provider

Total DEP Fleet: 2,133 vehicles

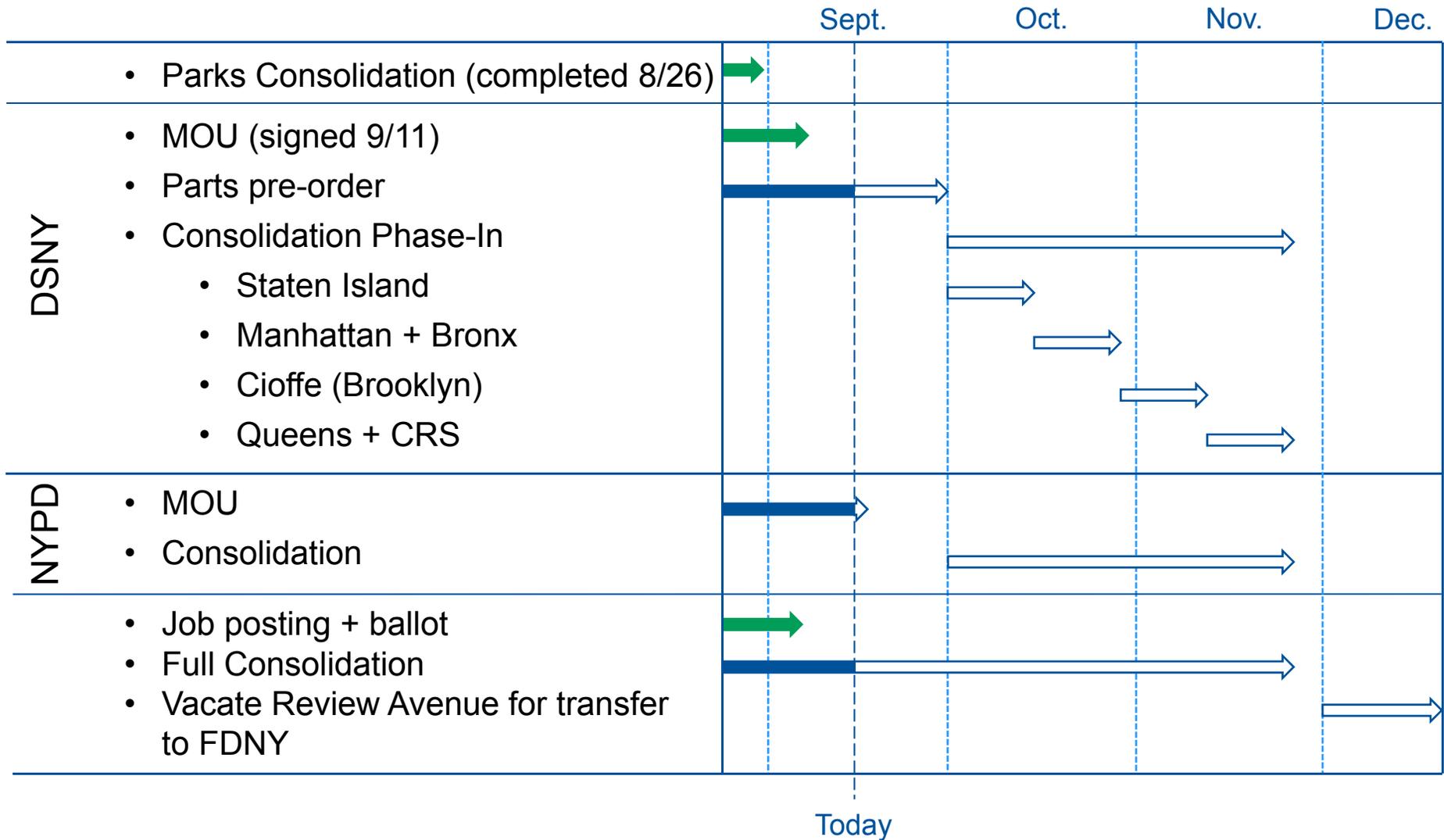
Number of Vehicles



Distribution



Fleet Consolidation Timeline



Service Line Protection Program

- Contract with American Water Resources was signed July 31st
- DEP and AWR are working through operational details associated with implementation, including IT data transfers and customer billing
- AWR is preparing to hire a network of local New York City Licensed Master Plumbers

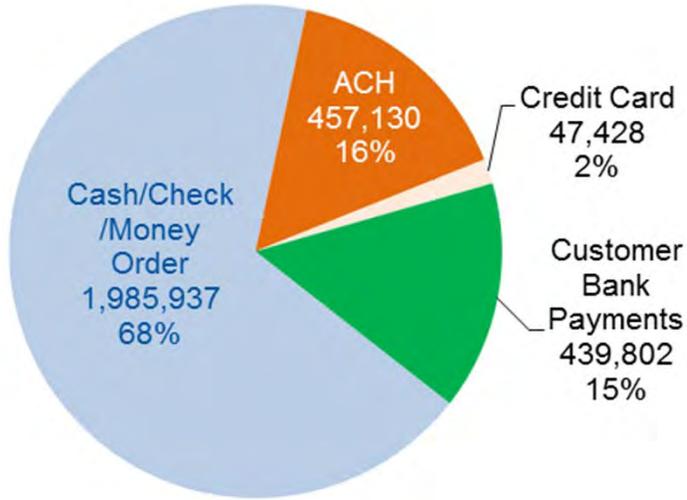
Lockbox and Other Payment Processing Services

- RFP was issued June 5th
- Nine proposals were received on August 6th
- Four firms were invited to interview the week of September 3rd
- Revised pricing proposals were requested from interviewed firms this week

Number of Collections by Payment Medium

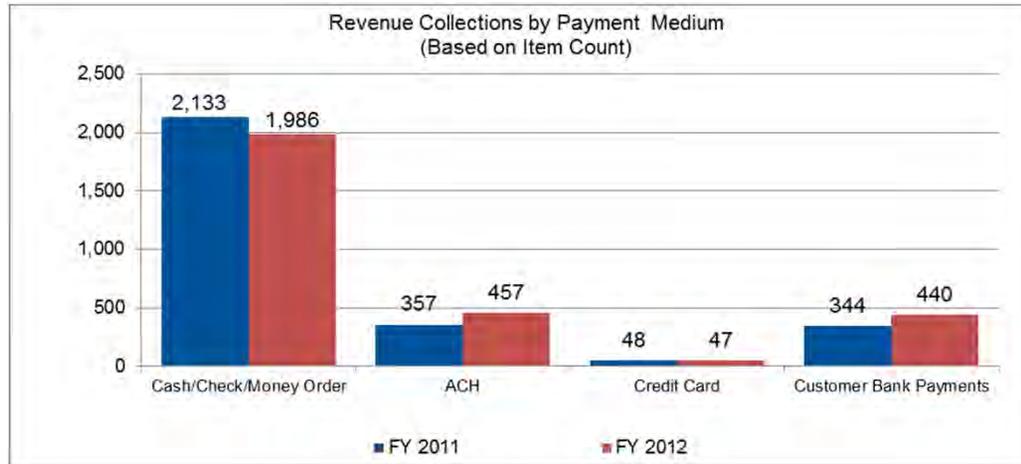


FY 2012 Collections



Total Items: 2,930,297

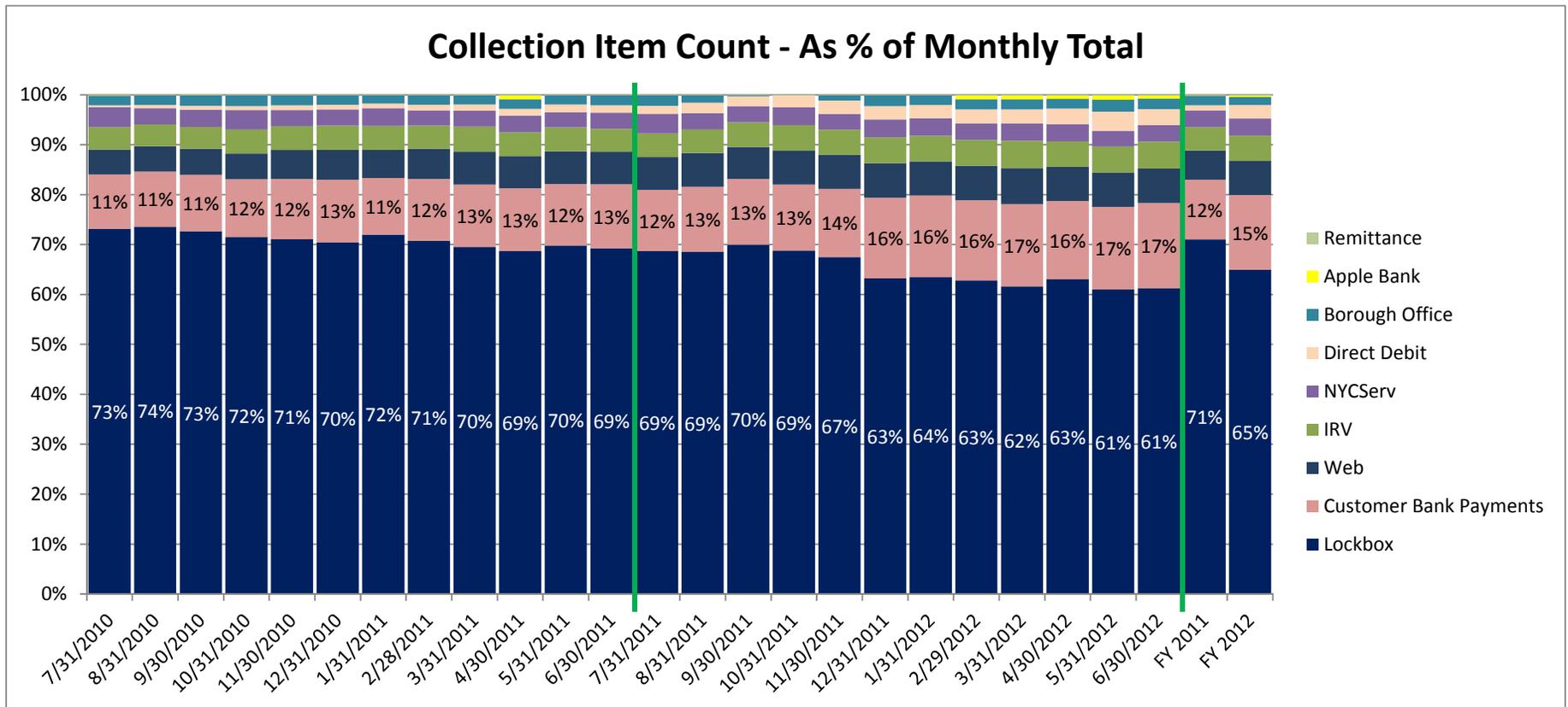
Payment Medium	Year-over-Year Growth	FY 2011	FY 2012	As % of FY 2012
Cash/Check/Money Order	-7%	2,132,689	1,985,937	68%
Apple Bank	7%	3,200	3,439	0%
Borough Office	-14%	55,656	47,669	2%
Lockbox	-7%	2,047,323	1,902,571	65%
NYCServ	-7%	24,545	22,806	1%
Remittance	381%	1,965	9,452	0%
ACH	28%	357,388	457,130	16%
Direct Debit	179%	27,011	75,469	3%
NYCServ	9%	53,515	58,480	2%
IVR	10%	125,936	138,910	5%
DEP Web	22%	150,926	184,271	6%
Credit Card	0%	47,655	47,428	2%
Direct Debit	61%	1,964	3,161	0%
NYCServ	-4%	18,969	18,280	1%
IVR	12%	9,292	10,436	0%
DEP Web	-11%	17,430	15,551	1%
Customer Bank Pmts	28%	343,987	439,802	15%
Total	2%	2,881,719	2,930,297	100%



Cash/Check/Money Order, Borough Office and Remittance Item Count for FY 2012 does not include collections deposited from 9/9/11 to 11/8/11 as remote lockbox was inoperable during this period due to platform conversion. Additionally, the Board changed processes to deposit BWSO permit payments and upstate checks via remote lockbox in February, which is tracked with "Remittance". Item count totals exclude payments from NYCHA and other government agencies (including City charge), aggregated mortgage payments and upstate payments prior to February 2012.

Monthly Collections by Payment Venue

- When considering item count, from June 2011 to June 2012, paper lockbox collections decreased from 69% to 61%
- Likewise, year over year in June, Customer Bank Payments increased from 13% to 17%



Item count totals exclude some collections through BCS Borough Offices & Remittance payments that were deposited in JPMorgan Chase account, payments from NYCHA and other government agencies (including City charge), aggregated mortgage payments and upstate payments prior to February 2012.

Next Month

- Presentation and request for acceptance of FY 2012 audited financial statements
- Request for relinquishment of DEP's Review Avenue central repair shop
- Request for easement to Town of Gardiner on watershed parcel
- Request for approval of lockbox contract (*October or November*)