

# **New York City Water Board**

## Activities, Operations and Accomplishments – Fiscal Year 2012

The New York City Water Board (the “Board”) is responsible for setting water and sewer rates at a level sufficient to fund the operating, capital, and financing needs of the New York City water and sewer system (the “System”). The Board is obligated by an Agreement of Lease with the City of New York (“the City”) and a Financing Agreement among the Board, the City, and the New York City Municipal Water Finance Authority to establish rates and charges in each year at a level that will provide required revenue. The Board collects all System revenue and disburses it as follows: 1) to fund debt service on bonds issued to finance capital improvements to the System, 2) to reimburse the City for operating and maintenance costs, 3) to pay a rental fee to the City for the lease of the System, and 4) to fund required reserves and any other required payments. Daily operations of the Board are carried out by officers and staff of the New York City Department of Environmental Protection (“DEP”) utilizing the office space of DEP.

The Board actively monitors billings and collections throughout the year, and Board members receive a financial update at almost all meetings. In addition, the Board maintains various contractual obligations necessary to achieve its requirements and objectives. Presented below are highlights of the Board’s activities, operations and accomplishments for the period of July 1, 2011 through June 30, 2012:

On September 9, 2011, the Board:

- Was introduced to and received a presentation from DEP Commissioner Carter H. Strickland, Jr.
- Consented to the City’s sale of Parcel 5 of City-owned property in the Town of Carmel and released the Board’s leasehold interest therein to resolve a boundary dispute.
- Approved the selection of rate advisors pursuant to a competitive solicitation process and authorized management to enter into the resulting contracts.
- Appointed Greg Ascierio as Deputy Treasurer.

On October 7, 2011, the Board accepted the independent auditors’ report on the audited financial statements for the fiscal years ended June 30, 2011 and June 30, 2010 and authorized the release of the financial statements.

On November 18, 2011, the Board:

- Reviewed the annual investment report and approved adoption of the investment guidelines.
- Reviewed and approved the Board's updated whistleblower policy and procedures.
- Received a briefing on the status of active Board contracts.

On December 9, 2011, the Board

- Approved an amendment to the agreement with the Board's financial advisor to authorize a success fee in connection with a proposed privatization of the Catskill/Delaware Ultraviolet Disinfection Facility.
- Received a briefing on the Operational Excellence (OpX) program.
- Received a briefing on the proposed offering of a Service Line Protection Policy Program.

On February 24, 2012, the Board:

- Received a briefing on DEP's Project Management Information System and authorized an amendment to the contract with the Board's consultant developing the Project Management Information System for an incremental scope of work.
- Consented to the apportionment and partial transfer of the City's East New York Pumping Station property to the New York City Department of Housing Preservation & Development.
- Authorized management to exercise a contract extension option and execute an engagement letter with the System's independent auditors.
- Received a briefing on the status of hydrofracking in regions surrounding the watershed.
- Received a presentation on DEP's financial metrics for fiscal year 2012 to date.

On March 30, 2012, the Board:

- Received a presentation on fiscal year 2013 rate and billing policy proposals.

From April 23 through April 27, 2012, in each borough of the City, the Board held public hearings concerning fiscal year 2013 System rates, charges, and billing policy proposals.

On May 4, 2012, the Board:

- Adopted its annual expense fund and System budget.
- Adopted a rate increase of 7.0% based on the budget requirements and the testimony and reports submitted at the public hearings.
- Approved an amendment to the Multiple-family Conservation Program (MCP) to include automatic enrollment of qualifying Tax Class 2 residential properties for FY 2013 and annual MCP rates per residential dwelling unit, low-consumption commercial unit and boarder, roomer or lodger unit. Granted such properties automatically enrolled in the MCP a grace period until January 1, 2014 to comply with MCP requirements to install approved meter(s) and until June 30, 2015 to install high-efficiency plumbing fixtures.
- Adopted annual rates for the Water and Sewer Service Line Protection Policy Program that was expected to be implemented in FY 2013.
- Approved an amended maximum Service Call fee for an inspection at the request of a customer where the complaint is found to be outside the jurisdiction of DEP.
- Received a presentation on proposed water rates for upstate customers.

On June 11, 2012, the Board held a public hearing concerning a proposed rate increase for water sold to users outside of the City pursuant to the Water Supply Act of 1905.

On June 15, 2012, the Board:

- Adopted a regulated rate of \$1,322.30 per million gallons for users outside of the City and continued the rate for water that exceeds the allowance quantities at the in-City metered rate.
- Approved the selection of a service line protection program provider pursuant to a competitive solicitation process and authorized management to enter into the resulting contract.