

New York City Water Board

Activities, Operations and Accomplishments – Fiscal Year 2014

The New York City Water Board (the “Board”) is responsible for setting water and sewer rates at a level sufficient to fund the capital, operating, 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 (the “Authority”) to establish rates and charges in each year at a level that will provide the 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 almost every month, regardless of whether or not there is a public meeting. 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, 2013 through June 30, 2014:

On October 11, 2013, the Board:

- Reviewed the qualifications of and appointed Albert Rodriguez, Chief of the Municipal Finance Division of the New York City Law Department, as Secretary of the Board.
- Received a briefing on DEP’s operations and strategic planning exercises from Commissioner Carter Strickland.
- Accepted the independent auditor’s report on the audited financial statements for the fiscal years ended June 30, 2013 and June 30, 2012 and authorized the release of the financial statements.
- Reviewed the annual fiscal year 2013 investment report and approved adoption of the investment guidelines.
- Received an update on the System’s fiscal year 2014 billing and collection performance and the financial impact of the Operational Excellence Program (OpX) to date.
- Proceeded to Executive Session to discuss litigation matters.

On December 13, 2013, the Board:

- Was addressed by Commissioner Carter Strickland and thanked for the commitment and hard work each member had dedicated to advance the development of the City's System. Acknowledgement was also individually given to Mehul Patel, who was attending his last meeting prior to resigning from the Board.
- Consented to a property disposition and released to the City the Board's leasehold interest in a 1.2-acre parcel adjacent to the Hunts Point Wastewater Treatment Plant, Bronx Block 2777, Lot 901.
- Designated Citibank as Depository for the Local Water Fund, as the Board's payment processing contract with Citibank, which had been awarded in 2012, had been successfully implemented.
- Received an update on the Board's outstanding contracts and a financial update for fiscal year 2014 to date, including revenues and the means by which customers had paid, the volume of payment agreements, and estimated billing rates.
- Proceeded to Executive Session to discuss litigation matters.

On January 24, 2014, the Board:

- Appointed two Board members, Adam Freed and Jonathan E. Goldin, to join Alfonso L. Carney, Jr. on the Joint Audit Committee of the Board and Authority.
- Approved the selection of a demand management consultant pursuant to a competitive solicitation process and authorized management to enter into the resulting contract to provide consulting services to the Board's customers north of the City.
- Received an update on the System's financial performance for fiscal year 2014 to date, as well as the Board's investments and investment options.

On April 23, 2014, the Board:

- Received a presentation on fiscal year 2015 rate and billing policy proposals.

From May 14 through May 20, 2014, in each borough of the City, the Board held public hearings concerning proposed fiscal year 2015 System rates, charges, and billing policies.

On May 23, 2014, the Board:

- Adopted its annual expense fund and System budget.
- Adopted a rate increase of 3.35% based on the budget requirements and the testimony and reports submitted at the public hearings.

- Froze the minimum charge for meter-billed customers at the fiscal year 2014 rate of \$0.49 per day for water service, plus the wastewater charge of 159% of water charges.
- Modified the Leak Forgiveness Program to include leaks of maintainable plumbing fixtures for any customer who, within 60 days, fixes a leak that resulted in a high bill and decreased the time to apply for the program from 18 months to within 90 days of the high bill.
- Extended the response time for customers to file final appeals with the Board from 30 to 60 days and resolved to exclude customers from the lien sale who have filed an appeal prior to the publication of the 90-day lien sale list.
- Resolved to suspend interest for 90 days when previously under-billed consumption is billed after the installation of a wireless meter reading device.
- Extended the compliance grace period for properties that had been automatically enrolled in the Multiple-family Conservation Program (“MCP”) in fiscal year 2013; such properties were given until June 30, 2016 to have a meter and wireless meter reading device installed.
- Adopted an increase in the Sewer Service Line Protection Policy annual rates from \$95.88 to \$101.64 per sewer service line contract.
- Adopted miscellaneous fees in connection with DEP’s Toilet Replacement Program (“TRP”), 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.
- Received an update on the System’s financial status for fiscal year 2014 to date and the status of OpX and the Service Line Protection Program.

On June 2, 2014, 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 13, 2014, the Board:

- Discussed the testimony submitted in connection with the public hearing, adopted a regulated rate of \$1,573.61 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 the System’s independent auditor and authorized management to execute engagement letters with the independent auditor for fiscal year 2014 and fiscal year 2015.
- Received a presentation by Deputy Commissioner Paul Rush on the water supply system, including spill prevention and response.