

New York City Water Board

Activities, Operations, and Accomplishments – Fiscal Year 2016

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 (as requested), 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, 2015 through June 30, 2016:

On September 18, 2015, the Board:

- Appointed Board Members Joseph Finnerty, Jonathan Goldin, and Arlene Shaw to the Governance Committee and designated Jonathan Goldin as Chair.
- Received a financial update for fiscal year 2015 to date, including metrics related to revenue collections, water consumption, estimated bill rates, and the success of the fiscal year 2015 lien sale on collection rates.

On October 21, 2015, the Board:

- Accepted the independent auditor’s report on the audited financial statements for the fiscal years ended June 30, 2015 and June 30, 2014 and authorized the release of the financial statements.
- Reviewed the annual fiscal year 2014 investment report and approved adoption of the investment guidelines.
- Approved the granting of perpetual easements to four municipalities north of the City that had constructed and were maintaining water and sewer pipes on City-owned land.
- Adopted a Conflict of Interest Policy and a revised Code of Ethics.
- Designated Greg Ascierio as the Ethics Officer.

On November 13, 2015, the Board:

- Appointed Mathilde McLean as Executive Director.
- Received a financial update for fiscal year 2016 to date, including metrics related to revenue collections, monthly eBilling, and the Service Line Protection Program.

On February 26, 2016, the Board and the public:

- Were briefed by DEP's Bureau of Water Supply Director of Water Quality, Steven Schindler, on lead monitoring and compliance.

On March 25, 2016, the Board:

- Released its leasehold interest in a parcel of land in Brooklyn to the City of New York.
- Appointed Omar Nazem as Treasurer.

On April 8, 2016, the Board:

- Received a presentation regarding the proposal of fiscal year 2017 rates, charges, and billing policies from First Deputy Commissioner Steve Lawitts.

On May 4, 2016, the Board held a public hearing concerning the proposed rate increase for water sold to users outside of the City pursuant to the Water Supply Act of 1905.

From May 5 through May 11, 2016, in each borough of the City, the Board held public hearings concerning the proposed fiscal year 2017 rates, charges, and billing policies.

On May 20, 2016, the Board:

- Adopted its annual System budget.
- Adopted a rate increase of 2.1% based on the budget requirements, while considering the testimony that had been presented at the public hearings and submitted to the Board.
- 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.
- Increased the annual credit of the Home Water Assistance Program by the adopted fiscal year 2017 general rate increase, and expanded the Home Water Assistance Program to include additional senior citizen property owners.
- Created the Multi-Family Water Assistance Program to provide a credit to qualified multi-family affordable housing properties.

- Extended the grace period for metering and high-efficiency fixture requirements for properties that had been automatically enrolled in the Multi-Family Conservation Program, and changed the charge for non-compliance to an incremental 10% of the building's unit charges.
- Adopted a bill credit for Tax Class 1 properties based on the City's elimination of the rental payment in fiscal year 2017.
- Adopted a regulated rate of \$1,750.52 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.

To note, these rates, charges, and credits are the subject of pending litigation and have not been effectuated as adopted.

On June 17, 2016, the Board:

- Approved the selection of the System's independent auditor, and authorized the Executive Director to contract with Marks Paneth for the audit of the System's financial statements for fiscal year 2016 through fiscal year 2019.
- Convened an executive session to discuss pending litigation.