

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
December 16, 2021**

A meeting of the New York City Water Board (the “Board”) was held on December 16, 2021 beginning at approximately 11:30 a.m. via teleconference in accordance with the Governor’s Emergency Order regarding the Covid-19 pandemic. Members of the public called into the teleconference to listen to the meeting, in addition to the availability of a live text captioning option. The following members of the Board attended the meeting:

Alfonso Carney,
Evelyn Fernandez-Ketcham,
Adam Freed,
Jonathan Goldin,
Arlene Shaw, and
Daniel Zarrilli

constituting a quorum. Mr. Carney chaired the meeting, and Albert Rodriguez served as Secretary of the meeting.

Acknowledgment of Greg Acierto

Chairman Carney started the meeting by acknowledging the imminent retirement of Greg Ascierio, a Department of Environmental Protection (“DEP”) employee who served as an attorney and ethics officer for the Board for many years. Chairman Carney noted that Mr. Ascierio had always provided him sage advice and proved to be quietly enormously effective. Omar Nazem, the Board Treasurer, noted the significant contributions Mr. Ascierio had made to Board operations over his 28-year tenure with DEP and thanked him for his service. Member Goldin also thanked Mr. Ascierio for his service.

Approval of the Minutes

The next item on the agenda was approval of the minutes of the Board's previous meeting held on October 14, 2021. Member Fernandez-Ketcham noted her name was misspelled in the minutes and requested it be corrected. Upon motion duly made and seconded, the minutes of the meeting held on October 14, 2021 were unanimously adopted, subject to the correction noted by Member Fernandez-Ketcham.

Presentation by DEP Commissioner Vincent Sapienza on System Operations in 2021

Next, DEP Commissioner Vincent Sapienza made a presentation summarizing City Water and Sewer System operations for calendar year 2021. Commissioner Sapienza noted that 2021 was a relatively successful year despite the ongoing COVID-19 pandemic and discussed the following:

- the vast majority of DEP employee reported to work every day with the remainder teleworking;

- \$1.8 billion worth of funded capital construction was completed during the year;

- \$3 billion dollars of new Water Authority debt was issued to pay for capital projects and refinance older bonds;

- work on the Delaware aqueduct bypass tunnel has continued successfully;

- \$100 million of work was completed at Pugsley Creek in the South Bronx to mitigate combined sewer overflows; and

- a \$125 million plus upgrade at the Coney Island wastewater treatment plant was started.

Commissioner Sapienza also spoke about the record rainfall caused by Hurricane Ida on the night of August 31st which exceeded the capacity of the sewer system and resulted in severe flooding in parts of the City and the death of about a dozen people. He noted the City needs to

assess a variety of tools that will enable us to absorb the rainfall caused by these type of storms including green and grey infrastructure improvement that will decrease the amount of run-off water and to identify capital funding for these improvements.

With respect to System finances, the Commissioner noted that:

-revenues are 2.5% ahead of year to-date plan and 1.6% of where we were last year which equates to \$50 million ahead of this time last year and \$32 million ahead of plan;

-there was a slowdown in billing as the new billing system rolled out in September;

- the Board did not participate in the 2021 lien sale last year because the new billing system was being installed and for other factors;

-water consumption has started to come back to levels prior to the start of the pandemic;

-payment delinquencies have increased during the pandemic. At the beginning of the pandemic, delinquent customer balances totaled approximately \$380 million, an amount that has doubled since then. DEP will continue to look for ways to recover more of that money including tapping into a new federal program that will assist low-income households to pay their water bills.

After the Commissioner's presentation, Member Freed posed several questions: first, regarding the storm water study and flood risk maps that were completed in advance of Hurricane Ida, how did those maps align with the areas most impacted by the hurricane; second, what type of options, such as blue belt expansion or other infrastructure improvements, could be implemented to mitigate the effect of these types of events; and third, how those options may align with the sustainable rate study DEP is conducting.

In response to the first question, the Commissioner stated that, while overall the flooding totals experienced during the storm aligned closely to the mapping, there was deeper flooding than anticipated in some areas. In response to the second question, Deputy Commissioner Angela

Licata stated that planning is underway for numerous green infrastructure improvements to support areas most vulnerable to flooding including, among other things, initiatives to increase water storage, drainage improvement and flow improvements to treatment plants. Finally, Deputy Commissioner Licata noted that a presentation on the rate study would be provided later in the meeting.

Member Zarrilli then asked if DEP had considered alternative pathways for stormwater drainage particularly for low-lying areas vulnerable to flooding and whether the City's vaccine mandate had had any impact on DEP's workforce. With respect to the vaccine mandate, Commissioner Sapienza stated DEP did have some early vaccine holdouts, totaling approximately two dozen people, but more than 99% of the DEP workforce has received at least the one dose of a vaccine. Most DEP employees are fully vaccinated with boosters. In response to the question on stormwater drainage, Commissioner Sapienza said that when the sewers are full and cannot take any more water, stormwater accumulates in those lower lying "bowls" where water could be six or eight feet high, an area where DEP is interesting in identifying opportunities to mitigate the stormwater flows. Deputy Commissioner Licata added that DEP is conducting scenario planning to better understand the drainage pathways in the City and the various vulnerabilities posed by the different types of storm events that we may experience. One of the ideas being analyzed is a system of flood sensors.

Chairman Carney then asked to what extent do we try to protect the City from a once-in-a-generation or twice-in-a-generation storm, how much will it cost, how do we pay for it and whether there are realistic options to protect the City from weather contingencies. Commissioner Sapienza said that rebuilding 7,400 miles of sewers to accommodate storms as massive as Hurricane Ida is not affordable, however DEP is looking at a variety of tools and their relative costs and implementation timelines to meet the new climate reality. Deputy Commissioner Licata

added that a cost-benefit analysis of the tools that can be used to deal with extreme weather events is very important and that green infrastructure tends to be the most effective. She said there will be some trade-offs in order to balance the budget against competing costs and public pressures.

Report of the Governance Committee

Next, Member Goldin, as the chair of the Governance Committee, gave a summary report on the Committee's meeting that was held prior to the Board meeting. Among other things, he reported that the Committee concluded to recommend a change to the Board's contracting policy. Currently, the Board is required to be notified of a no-bid contract entered into by DEP only if it is over \$25,000. By consensus, the Committee agreed to propose to the Board that it receive a report on all no-bid contracts irrespective of whether they meet the \$25,000 threshold or not. Member Zarrilli asked what types of procurements are being done on a sole source or no-bid basis and the extent of the practice Member Goldin replied that his impression was that the practice was not frequently used but DEP staff would provide more details as to how often its deployed. It was agreed that Omar Nazem, the Board Treasurer would provide more information to the Board on this matter.

Appointment of the Board Ethics Officer

Next on the agenda was appointment of a new Ethics Officer for the Board. Greg Ascierio has served for years as the Board's Ethics Officer and with his retirement, a new Ethics Officer needs to be appointed. Chairman Carney proposed that Al Rodriguez, the Board's Secretary, be appointed as the Board's new Ethics Officer. Upon motion duly made and seconded, the appointment of Mr. Rodriguez as Ethics Officer was unanimously approved by the Board.

Update on the Sustainable Rate Structure Study

Next, Deputy Commissioner Licata provided a status update on the three-year sustainable rate structure study being conducted by DEP with the assistance of the Board, the Water Authority,

the Mayor's Office and OMB. Ms. Licata noted that a lot of research has been conducted and cited the several public stakeholders meetings that have been held and the completion of a comparative rate structure analysis as the most important accomplishments to date. The comparative rate structure analysis looks at rate implementation options adopted by major U.S. water utilities, the upsides and downsides of each rate structure and how these rate structures might impact the Board's customers. She noted that most U.S. water utilities have implemented a fixed fee rate schedule which is not linked to consumption. One advantage of fixed rates is that it gives customers cost certainty and revenue certainty for the utility.

Ms. Licata noted that DEP would also be evaluating the impact of a new rate structure on vulnerable populations and economically disadvantaged communities and potential customer assistance programs. Chairman Carney posed a question about the ability of the new billing system to help identify at-risk customers and how do we address those customers in the greatest need. In response to Chairman Carney's questions, Member Freed noted that the current scope of the work is for the study and does not include work on implementation of a new rate structure.

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was adjourned.

/S/
SECRETARY