

## **MINUTES OF A MEETING OF THE NEW YORK CITY WATER BOARD**

A meeting of the New York City Water Board (the “Board”) was held on March, 19, 2010, at 8:30 a.m. at the New York City Department of City Planning, 22 Reade Street, Spector Hall, New York, New York. The following members of the Board were present:

Alan M. Moss;

Marcia Bystryn;

Mehul Patel; and

Benjamin Tisdell,

constituting a quorum. Mr. Moss chaired the meeting, and Albert F. Moncure, Jr., served as Secretary of the meeting.

### **Adoption of Minutes**

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on February 19, 2010. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on February 19, 2010, were unanimously adopted.

### **Operations, Capital and Financial Update**

The next item on the agenda was an Operations, Capital and Financial Update presented by Executive Director Steven Lawitts.

#### **Operations**

Mr. Lawitts described tentative labor settlements with certain DEP unions which are now subject to ratification by the rank and file. One agreement is with approximately 650 sewage treatment workers and another is with approximately 200 senior sewage treatment workers. These two groups of sewer workers had been without contracts for 8 to 10 years.

Another settlement is with approximately 200 stationary engineers (electric) who had been without a contract since 2000 and 50 senior stationary engineers (electric) whose last contract expired in 1995.

Mr. Lawitts said the \$330 million settlement is important because it eliminates a large potential unknown financial exposure to the System while permitting rate increases to remain within projected parameters.

### **Financial Update**

Mr. Lawitts said that year to date revenue is 5% below plan target amounts reflecting a 5% decrease in consumption. He said, however, that the declining trend in usage is slowing on a monthly basis.

Mr. Tisdell asked if his understanding of Mr. Lawitts's presentation was correct that consumption measured in gallons is down 5%, while revenue in dollars is up 11% but that the dollar amount of revenue is still 5% below the plan target amount, all of which Mr. Lawitts confirmed.

Mr. Lawitts next summarized the results of the lien sale noticing process. 18,395 properties with a \$135 million accounts receivable balance were included in the 90-day notice published in the newspaper. 15,693 properties with an accounts receivable balance of \$110 million dollars were included in the 60-day notice mailed to customers reflecting receipt of \$25 million since publication of the 90-day notice. The next notice will be a 30-day mailing followed by a final 10-day newspaper publication ahead of the May 10, 2010 lien sale. Mr. Lawitts said he expects that 90% of the originally noticed customers would either pay in full or sign payment agreements by the May 7, 2010 lien sale payment deadline.

Mr. Lawitts next described the Water Debt Assistance Program. Pursuant to the Program, liens on two and three family homes whose owners face the threat of imminent foreclosure and which are otherwise eligible for the lien sale will, upon application by the homeowner, not be sold. The homeowner must agree to pay future bills. However, past due charges will not be subject to immediate collection but will remain a lien on the premises which must be satisfied when the homeowner's finances improve or the property is sold. Responding to a question from Mr. Moss, Mr. Lawitts said the program has been publicized through a press release and a mailing to lien sale-eligible two and three family accounts.

Mr. Lawitts next discussed the service termination program which will resume on April 7, 2010, after a cold weather hiatus. Seventeen thousand accounts with a balance of \$54 million are eligible for water shutoff. Mr. Lawitts said that following termination notices, DEP paints an orange sign on the sidewalk in front of the subject premises indicating that excavation of the street is imminent immediately prior to service termination. He estimates that 99% of termination eligible accounts are paid in full or included in a payment plan at this stage in the shutoff process. Responding to Mr. Tisdell, Mr. Lawitts confirmed that the cost of such excavation far exceeds the \$500 fee DEP now charges to restore service and that this fee will be increased to better reflect the actual cost of excavation and re-paving.

Mr. Lawitts next described progress in the Automated Meter Reading Program. Thirty percent of the total number of transmitters to be installed have been installed thus far, and a \$23 million installation contract with IBM for the remainder has been registered with the Comptroller.

## **Capital Plan**

Mr. Lawitts next provided an update on the Capital Plan. \$2.75 billion was spent on capital projects in 2009 compared to \$500 million at the Board's inception in 1985. Debt service is now the fastest growing component of operating and maintenance costs.

The largest capital projects are the Croton Filtration Plant, the Newtown Creek Sewage Treatment Plant Upgrade and the Ultraviolet Light Treatment Plant. These projects have the collateral benefit of providing 2,200 jobs. The capital commitment plan for the current year is \$3.5 billion, 75% of which results from mandated expenditures. However, over the next 10 years, only 25% of the capital budget will be attributable to mandates such as the Hillview Reservoir Cover.

Following Mr. Lawitts's presentation, Mr. Patel asked how the \$330 million labor settlement discussed earlier would be paid for. Mr. Lawitts reiterated that current and prior water and sewer rate projections have included an accrual for wage increases and that the dollar amount of the proposed settlement is within the parameters established by such accruals. He added that DEP is implementing additional cost saving measures to further offset the increase in personal service costs.

## **Rate Setting Schedule**

Mr. Lawitts briefly discussed the rate adoption schedule. Board staff will propose in-City and upstate rates for public noticing at the April 9, 2010 Board meeting. This will be followed by public hearings in all five boroughs between May 3 -14. In-City rate adoption will take place at the May 21, 2010 Board meeting with upstate rates to be adopted in mid-June.

**Miscellaneous Remarks by Mr. Moss**

Mr. Moss said the Board would have to consider the effectiveness of the Board's configuration as currently established to carry out its legislative mandate. He also asked that Board staff provide an update on natural gas drilling in the upstate watershed. Mr. Lawitts indicated that DEC had received 13,000 comments on its Draft Supplemental Generic Environmental Impact Statement, which will delay completion of a Final Supplemental Generic Environmental Impact Statement.

**Adjournment**

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

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Secretary