

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 January 28, 2011 at 8:30 a.m. at the New York City Department of City Planning, 22 Reade Street, Spector Hall, New York New York 10007. The following members of the Board were present:

Alan M. Moss,

Marcia Bystryn,

Donald Capoccia,

Mehul Patel,

Arlene Payne, and

Benjamin Tisdell;

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

Introduction of Arlene Payne

Mr. Moss began the meeting by introducing new Board member Arlene Payne.

Presentation by Commissioner Holloway: DEP 2010 Highlights

Next Commissioner Holloway presented an overview of DEP’s achievements and activities for 2010.

He discussed the improved financial condition of the Water and Sewer System noting that the actual Fiscal Year 2011 rate increase of 12.9% was 1.4% lower than previously projected. DEP has reduced its operating budget by 8% or \$75 million and is on target to make similar reductions this year. Revenue is 3% ahead of the plan target amount, reflecting a 4.6% increase in consumption on a year-to-year basis.

With respect to Customer Service, Commissioner Holloway described implementation of the Water Debt Assistance Program, which suspends water and sewer charges for certain financially distressed customers. He also discussed the Direct Debit Program, On-line Wireless Meter Reading Program and Paperless Billing.

With respect to Water Supply, the Commissioner said that DEP has received a 15-year land acquisition permit from the New York State Department of Environmental Conservation to acquire environmentally sensitive lands in the upstate watershed and is on schedule to complete the Manhattan segment of Water Tunnel No. 3 by 2013.

With respect to Wastewater Treatment, he said that for the first time in three years DEP is now satisfying monthly targets for secondary treatment under the Clean Water Act.

He described the release of the City's Green Infrastructure Plan, which will reduce combined sewer overflows by 2030, and the establishment of DEP's Sustainability Bureau, which will maximize synergies among planning, analysis, and regulatory compliance functions within DEP. Responding to Mr. Capoccia, Commissioner Holloway described the agency's outreach to real estate developers and builders to inform them of DEP's green infrastructure initiatives and to coordinate related activities with the private sector.

Finally he described the new management team at the Bureau of Engineering, Design and Construction and the reorganization of that Bureau to help streamline the capital program.

Adoption of the Minutes

The next item on the agenda was approval of the minutes of the Board's previous meeting held on December 3, 2010. There being no discussion, upon motion duly made and seconded, the minutes of the meeting held on December 3, 2010 were unanimously adopted.

Approval of Guidelines for Stormwater Management Practices

The next item on the agenda was the adoption of administrative guidelines for approving exemptions to the stormwater charge for parking lots not connected to the Water and Sewer System. Executive Director Steven Lawitts explained that last year's rate schedule, which established a stormwater charge for parking lots not connected to the Water and Sewer system, also provided an exemption from such charge for parking lots which implement stormwater management practices specified by the Board. Board staff has proposed guidelines for approval of stormwater management practices, which satisfy certain minimum stormwater dispersal standards. Mr. Lawitts said acceptable practices could include detention tanks, gravel road beds, storm chambers or perforated pipes, among other things. After a brief discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board is authorized pursuant to Section 1045-j of the New York City Municipal Water Finance Authority Act (the "Act") to establish, fix and revise from time to time fees, rates, rents and other charges for the use of or services furnished, rendered or made available by the water system and sewer system (the "System") of the City of New York ("the City"); and

WHEREAS, pursuant to the Act, on May 21, 2010, the Board adopted the Water and Wastewater Rate Schedule effective July 1, 2010, which included a new wastewater charge for stormwater on parking lots not supplied with system, well or river water, subject to an exemption from this charge upon approval by the Board; and

WHEREAS, DEP and Board staff have proposed an administrative guideline for approving exemptions from the wastewater charge for stormwater on parking lots not supplied with system, well or river water, which is set forth below; and

WHEREAS, the Board has considered the recommendations of staff and finds that the proposed administrative guideline is reasonable and appropriate; it is therefore

RESOLVED, that the administrative guideline for approval of an exemption from the wastewater charge for stormwater on parking lots not supplied with system, well or river water, as described above and in the form annexed below, is hereby approved and adopted effective immediately.

Administrative Guideline for Approval of Stormwater Management Practices

Any parking lot assessed a wastewater charge for stormwater will be exempt from such charge upon approval by DEP that it has implemented a stormwater management practice that meets the following minimum standards:

Releases to the sewer system must be at a rate not to exceed the greater of 0.25 cubic feet per second (cfs) or 10% of the allowable flow. If the allowable flow is less than 0.25 cfs, the release rate is not to exceed the allowable flow. The allowable flow is defined in Chapter 31 of Title 15 of the Rules of the City of New York. An allowance of up to 10% of the storage volume will be considered for open bottom systems based on a soil boring and permeability test taken at the location of the proposed system.

To continue to receive such exemption, the stormwater management system shall continue to meet the requirements above. All such systems shall be subject to inspection by the City.

Financial Update

Mr. Lawitts next provided a financial update. He said that as of yesterday, collections are 5% ahead of the January 2011 target amount and, as Commissioner Holloway noted, 3% ahead of the plan target amount for the Fiscal Year. He said this is the best System financial performance in eight years.

He then described the status of the Automated Meter Reading (“AMR”) installation program. He said installations are 69% complete in Staten Island and 88% complete in the Bronx. There is a strong correlation, he explained, between the completion rate of AMR installations and reductions in estimated bills. He added that AMR provides customers with real time consumption information. Mr. Capoccia applauded the success of the AMR installation program and asked how such results were achieved. Mr. Lawitts replied that AMR installations are performed by DEP personnel and private contractors managed by DEP.

Mr. Lawitts next discussed DEP's operating budget, describing individual line items by budget category. With respect to energy costs, Mr. Lawitts noted that such expenses will be partially offset in the future through the sale of digester gas to National Grid. The gas, which is now being flared, will be sold to National Grid pursuant to a concession agreement, which is currently being negotiated.

Finally Mr. Lawitts described System Capital Commitments for Fiscal Year 2011. He described projects funded by the American Recovery and Reinvestment Act of 2009 ("ARRA") in the amount of \$218 million. Of this amount, DEP has expended \$11 million to date, and expenditures for ARRA projects are expected to increase to \$50 million by the end of the Fiscal Year.

Adjournment

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

Secretary