

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD
SEPTEMBER 19, 2014**

A meeting of the New York City Water Board (the “Board”) was held on September 19, 2014 starting at approximately 8:30 a.m. at 22 Reade Street, New York, New York 10007. A roll call of the Board’s members was conducted, and the following members of the Board were present at the start of the meeting:

Alan Moss,

Alfonso Carney,

Adam Freed,

Jonathan Goldin, and

Arlene Shaw

constituting a quorum. Mr. Moss chaired the meeting, and Greg Ascierito served as acting Secretary of the meeting.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on June 13, 2014. Mr. Moss expressed his appreciation for Deputy Commissioner Paul Rush’s presentation on the water supply system made at the June 13, 2014 meeting. There being no further discussion, upon motion duly made and seconded, the minutes of the meeting held on June 13, 2014 were unanimously adopted.

Authorization of Organizational Consultant Contract Amendment

The next item on the agenda was a request to the Board to authorize an amendment to the contract with WorkLab Consulting LLC (“WorkLab”). Commissioner Emily Lloyd addressed the Board and noted DEP’s successes during the first six months of her time as Commissioner

and the challenges that lay ahead. Ms. Lloyd explained the need for a management consultant to quickly array and cluster bureau responsibilities in a manner that ensures that DEP's organization is optimally aligned to build on prior successes and confront new challenges. The Commissioner noted that WorkLab has successfully partnered with DEP in the past, and based on her extensive experience with management consultants, she believes that WorkLab will provide a good value based on their rates and prior successes.

In response to questions from Members Freed and Goldin, Commissioner Lloyd noted that part of this effort will be focused on ensuring that capital projects are advanced in conjunction with climate change challenges, but the scope of the contract will retain flexibility for other projects. Member Freed also requested that the Board be provided with an update on the contract prior to entering into the amendment's extension term of two years.

There being no more discussion, upon motion duly made and seconded, the following resolution was unanimously adopted by the Board.

RESOLUTION

WHEREAS, pursuant to Section 1045-g(8) of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities; and

WHEREAS, the Board entered into a consulting agreement (the "Agreement") dated as of January 27, 2014 with WorkLab Consulting LLC ("WorkLab"), in the amount of \$94,800 whereby WorkLab is assisting with the implementation of an optimized organizational structure and complementary streamlined processes for the Bureau of Water and Sewer Operations (BWSO) of the New York City Department of Environmental Protection ("DEP"); and

WHEREAS, such work performed by WorkLab has been successful, and WorkLab has significant institutional knowledge of DEP; and

WHEREAS, in the interest of enhancing DEP's operations and customer service and controlling costs for the Water and Sewer System's ratepayers, DEP

management has identified a need for additional services from WorkLab that will enable an organizational redesign to be undertaken throughout DEP; and

WHEREAS, in accordance with the Board's Policy on the Procurement of Goods and Services, in particular, Section 5.i. (explicit Board approval of contracts where the cumulative value exceeds \$100,000), Section 6.iv. (waiver of competitive solicitation where the procurement is a continuation of existing services that is desirable for purposes of continuity and compatibility), and Section 6.v (waiver of competitive solicitation where a person or firm has superior qualifications to perform the service or provide the goods at a cost that is determined to be fair and reasonable), the Board finds such justification reasonable and appropriate; it is therefore,

RESOLVED, that the Executive Director is hereby authorized and directed in the name of and on behalf of the Board to execute an amendment to the Agreement with WorkLab to provide the additional services, upon such terms and conditions as the Executive Director may deem reasonable and appropriate. Total compensation for services performed under the Agreement and amendment shall not exceed \$500,000.

Extension of Consent to Granting Conservation Easements on Watershed Lands

The next item on the agenda was a request for a four-year extension of the Board's consent to the City's granting of conservation easements on watershed lands to the New York State Department of Environmental Conservation. DEP Assistant Counsel, May Chin, explained that when the City acquires lands in the upstate watershed, pursuant to the Watershed Memorandum of Agreement, the City grants conservation easements to the New York State Department of Environmental Conservation by which the City pledges to restrict development on such lands. Ms. Chin noted that the term of the authorization in each previous Board resolution to consent to conservation easements on newly acquired lands was two years, but due to the success of the land acquisition program since its inception in 1997, the City is requesting that the Board extend its approval for a four-year term.

Regarding the watershed in general, Chair Moss and Member Goldin inquired about the prohibitions in the conservation easements that are sold by private landowners to the City. Ms. Chin noted that she would provide the Board with a copy of the conservation easement language

that the City agrees to in the easements it purchases from private land owners. Also, in response to a question from Member Shaw, Ms. Chin agreed to provide a map showing the property ownership status in the City's watershed. Ms. Chin also agreed to report back to the Board in two years on the progress of the City's land acquisition program. Member Shaw also requested an update on the status of New York State legislation on hydrofracking.

Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board.

RESOLUTION

WHEREAS, pursuant to the New York City Watershed Memorandum of Agreement, dated January 21, 1997 (the "MOA"), the City of New York (the "City"), acting by and through the New York City Department of Environmental Protection ("DEP"), is engaged in a land acquisition program in the New York City Watershed; and

WHEREAS, pursuant to such program, the City is seeking to acquire fee title to, or conservation easements on, sensitive watershed lands to better protect the quality of the City's drinking water; and

WHEREAS, pursuant to the MOA, the City agreed to grant conservation easements to the New York State Department of Environmental Conservation ("NYSDEC") on lands acquired in fee under such program, all as more fully described in and subject to the terms of Paragraph 82 of the MOA; and

WHEREAS, the granting of such conservation easements constitutes the granting of an interest in real property subject to the Agreement of Lease, dated as of July 1, 1985, as amended (as so amended, the "Lease"), between the City and the New York City Water Board (the "Board"); and

WHEREAS, pursuant to Section 11.1(d)(ii) of the Lease, the City may, with the prior written consent of the Board, grant interests in the Leased property which, in the reasonable judgment of the Board, do not interfere with the operation and maintenance of the System and the collection of revenues from the System; and

WHEREAS, by resolution adopted on June 19, 2003, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form annexed to such resolution, for a period of one (1) year, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS, by resolutions adopted on May 7, 2004, September 15, 2006, November 20, 2008, and March 18, 2011, the Board consented to the granting of such conservation easements by the City to NYSDEC, in substantially the form as approved by the Board on June 19, 2003, each for an additional period of two (2) years, and on the condition that a report on the land acquisition program be submitted to the Board together with any request to extend such consent; and

WHEREAS DEP has submitted a report on the progress of the land acquisition program together with a request to extend such consent for an additional period of four years; it is therefore

RESOLVED, that the Board hereby gives its consent, for an additional period of four years from the date hereof, to the granting of conservation easements by the City to NYSDEC on lands acquired in fee simple under the City's watershed land acquisition program, as and when required pursuant to the terms of the MOA; and be it further

RESOLVED, that a report be submitted to the Board on the progress of the City's land acquisition program in two years, as well as in four years with any request to extend such consent beyond such four-year period; and be it further

RESOLVED, that the officers of the Board be, and each of them hereby is, authorized and empowered, in the name and on behalf of the Board, to execute such agreements and other instruments, and to take such other and further actions, as the officers or any officer deems necessary or appropriate to effectuate the foregoing resolutions.

Financial Update

The next item on the agenda was a financial update provided by Mr. Lawitts. Mr. Lawitts reported the following:

- From July 1, 2014 through September 17, 2014, revenue collections were 3% ahead of plan. He attributed this outcome to the increased collection rates that have resulted from the lien sale, automated meter reading program, and large meter replacement program.
- For the first two months of Fiscal Year 2015, in-City water distribution has dropped 3.8% compared to the same period for Fiscal Year 2014. Mr. Lawitts noted that

this represents a long-term downward trend in consumption and that in-City consumption is declining at a faster pace than upstate consumption.

- As of August 2014, the percentage of estimated bills was 3.6% City-wide, which was a 79% decrease since the implementation of the automated meter reading program.
- Reporting on the success of the 2014 lien sale on overall collection rates, Mr. Lawitts noted that the legal authority to conduct a lien sale is set to expire on December 13, 2014, and he expressed his hope that the City Council would extend the legislation. Chair Moss requested a report on the financial value that is received by the System from lien sale transactions. Mr. Lawitts noted that the increased revenue is largely the result of payments made in the three months prior to the lien sale, rather than from the actual sale.

In summary, Mr. Lawitts noted that billing disputes are at a new seven-year low, and advised the Board of DEP's launch of an application for customers to manage their DEP accounts on their mobile devices.

Adjournment

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

SECRETARY