

NEW YORK CITY WATER BOARD

**NYC Water Board Public Hearing
June 1, 2021**

2 [START RECORDING 0:00:00 TO 0:41:00]

3 MR. MICHAEL DELOACH: Hi, this is Michael
4 Deloach, Deputy Commissioner of Public Affairs
5 at DEP. Thank you. First and foremost, if
6 everybody could mute their phones. We have a
7 lot of people on the call, so if you could just
8 mute, that would be helpful. Thank you to
9 everyone who's joining us this afternoon to hear
10 the presentation and to those providing
11 testimony, whether verbally or in writing. This
12 is a public hearing of the New York City Water
13 Board on the topics of water rates and billing
14 policies for the upcoming fiscal year 2022,
15 which begins July 1, 2021. As we did last year,
16 we're holding the Board's events in a virtual
17 conference call format to facilitate
18 communication in light of the pandemic. We
19 would ask that everyone, again, just place your
20 phone on mute in order to limit the background
21 noise. I've placed several documents in the
22 official record, including a notice appointing
23 me as the Hearing Officer; verified copies of
24 the public notices placed in the newspapers; a
25 draft of the rate schedule listing the rates and

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2 billing policies for the coming year; a public
3 information booklet describing the proposed
4 rates; and copies of the written testimony
5 received by the Board to date. The draft rate
6 schedule and the public information booklet are
7 available on the Board's website, as is a copy
8 of the presentation you'll be hearing today.

9 This meeting is being recorded and once
10 prepared, an audio recording and the transcript
11 of the meeting will be made available on the
12 Board's website at nyc.gov/nycwaterboard. For
13 members of the public who have difficulty
14 hearing, there's a real-time text-captioning
15 feature available to follow along with the
16 meeting. You need to copy and paste the URL
17 linking to the streamtext.net website. You can
18 find that URL, which is pretty long, by visiting
19 the Water Board home page and clicking the
20 "Meeting Materials" link. Again, it's under the
21 "Announcement" section on the Water Board home
22 page. You will also find the URL provided on
23 the public announcement posted on the Board's
24 website. The agenda for today's meeting
25 includes two sections. First, the Department of

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2 Environmental Protection will make a
3 presentation explaining proposed water rates for
4 the fiscal year, again, beginning July 1, 2021,
5 as well as billing policy modifications. Then,
6 members of the public will have an opportunity
7 to make their statement. I have a list of
8 preregistered speakers, and when we get to that
9 section of the hearing, I'm going to start by
10 calling the preregistered names in order. When
11 you hear your name, please unmute your phone and
12 you'll have up to five minutes to speak. After
13 I've called all the preregistered speakers, I'm
14 going to ask if anyone else would like to speak
15 and I'll try to mediate between people speaking
16 at the same time as fairly as I can. If you
17 would still like to register to speak today
18 before I open it up later in the call, you can
19 also email the Water Board at
20 nycwaterboard@dep.nyc.gov. Again, it's
21 nycwaterboard@dep.nyc.gov. And we have someone
22 monitoring the email account to add your name to
23 today's list. We have several members of the
24 Water Board with us today--I think I've heard
25 five so far--as well as from the Department of

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2 Environmental Protection. We have our Chief
3 Financial Officer, Joe Murin, and the Board's
4 Treasurer, Omar Nazem. Finally, I'd like to add
5 that if you're currently experiencing any issues
6 with a bill pertaining to your water bill, you
7 can always reach our customer service at 718-
8 595-7000 or by emailing the Board at
9 nycwaterboard@dep.nyc.gov, and we'll route your
10 inquiry. Before we get started, Chair Carney,
11 or members of the Board, would anybody like to
12 make any public statements?

13 MR. ALFONSO L. CARNEY: Thank you, Mr.
14 DeLoach, it's Carney. And thank you for your
15 willingness to guide us through this process.
16 I'm very grateful to that and looking forward to
17 this meeting. When I am finished, I will ask if
18 there are any members who would like to make
19 comments. This is a process that is very
20 meaningful to the members of this Board. We, of
21 course, receive a recommendation for the rates
22 from DEP. This is the first instance in which
23 we will have an opportunity to hear from the
24 public with regard to that rate. I want to make
25 it clear and on the record that this Board has

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2 not made any determination yet as to what the
3 rate is going to be and we can be influenced by
4 the comments that will be made during the
5 meeting by members of the public. I see that
6 there are several people who've agreed to speak.
7 I am anxious to hear your comments. I look
8 forward to this meeting. It's great to have so
9 many people on. I gather that we've got 35 or
10 40 people, which means that it is a much larger
11 meeting, virtually, than was the case when we
12 were meeting face-to-face in-room. I hope that
13 when we go back to the regular meeting format
14 that the numbers will stay as high as they are
15 now. With that, I'll ask whether there are any
16 members that would like to make a comment.
17 There being no comments, Mr. DeLoach, I give you
18 back the meeting.

19 MR. DELOACH: Thank you, Chair. Now we're
20 going to hear a presentation from Joe Murin, the
21 Chief Financial Officer at DEP.

22 MR. JOSEPH MURIN: Thank you, Michael
23 DeLoach and thank you, Chair Carney, and the
24 Board members that are here, that are on the
25 call, as well as to the public that's also on

2 the call. I'm going to be referring to the
3 presentation that, as Omar noted, is on the
4 Board's website. We're going to start on slide
5 number two, which is the agenda for today.
6 We're going to go through an update on
7 Department of Environmental Protections
8 Operations and Capital Projects. Then we're
9 going to have a Financial and Capital Market
10 Update. We'll go through the proposal on water
11 and wastewater rates to be effective July 1,
12 2021, for customers in New York City. Then
13 we'll go through the Proposed Rate Schedule
14 Policy Updates. And finally, we'll have the
15 Preliminary of our 2022 budget outlook. I'm now
16 going to slide three, which is an update on
17 DEP's operations for the last year. Water and
18 wastewater services were maintained throughout
19 the pandemic without interruption or impact to
20 water quality. DEP is following CDC guidelines
21 around workplace safety protocols. DEP
22 personnel are able to work in a remote, digital
23 format, where assigned to remote work; and other
24 personnel implemented social distancing, on-site
25 temperature checking and use of PPE at the

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2 worksite. After reaching a peak of 80% of
3 office employees in remote-work format, the DEP
4 workforce began returning to worksites the week
5 of May 3rd. On a typical day at current rate,
6 70% of DEP personnel are- - onsite. Some
7 pandemic measures remain in place, including a
8 moratorium on water shutoff and digital work
9 permitting, as well as pause on certain filing
10 deadlines, such as billing appeals. I'm now
11 going to go to slide four. Work that was
12 completed and begun on important projects. In
13 July, drainage improvements completed along
14 Shore Boulevard in Astoria Park Queens. This is
15 a summarization of the significant capital
16 projects we conducted during the physical year.
17 In September, work commenced on seven miles of
18 new water mains at Grays End in Sheepshead Bay,
19 Brooklyn, for \$30 million. In October,
20 completion of public cleanup in the Bronx, at a
21 cost of \$106 million. November, work commenced
22 on Morrison Avenue Plaza Transformation in the
23 Bronx for \$9 million. In November, flood
24 mitigation mitigating green infrastructure
25 constructed in Queens Village, Wayanda and

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2 Cambria Heights, southeast Queens, in addition
3 to 3,000 other green infrastructure assets and
4 \$222 million in fiscal year 2021 capital
5 commitments. December, drainage upgrades for
6 Bay Terrace, Staten Island for \$10 million.
7 January, new draining water connections between
8 12s and Wards Island, Manhattan, completed for
9 \$31 million. And in February, Delaware Aqueduct
10 Parkhead Tunnel final water installation
11 Newberg, Orange County, \$1 billion total
12 approximate cost. Now turning to slide five,
13 which is an update on Board operations revenue
14 and trends, which Omar Nazem will handle.

15 MR. OMAR A. NAZEM: Good morning, everyone.
16 The main point we'd like to communicate on slide
17 five is that revenues year-to-date through the
18 end of May, so essentially the first 11 months
19 of the 12-month fiscal year, so a reliable
20 outlook, I would think, of where the year will
21 close, are lower than last year fiscal 2020.
22 They are \$194 million lower through the end of
23 May, which is about 5.6% lower than last year.
24 This is not unexpected to us. We knew that
25 because of the pandemic and because of some of

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2 the financial trends we saw in fiscal year 2020,
3 that revenues would be lower due to the
4 combination of higher delinquencies and lower
5 water use. We adopted--the Board; I should say--
6 --adopted a budget for fiscal year 2021 that took
7 that into account. The decline in revenues
8 we've seen so far is less than the admittedly
9 conservative budget we adopted last year, which
10 is a positive thing. However, I think we would
11 like to emphasize that there is, nonetheless,
12 considerable financial uncertainty and less of a
13 question of safety, I would say, than in the
14 past. The Board and the - - continue to be - -
15 strong and - - delinquencies and water usage
16 remain within, you know, a manageable balance in
17 terms of the variance to last year. We are
18 certainly watching revenues more closely than in
19 the past, given the decline. On the specific
20 topic of delinquencies, these are--you know, I
21 think the term is self-explanatory--but these
22 are simply customers who don't pay their water
23 bills on time. If you look at the amount of
24 overdue water bills at the 180 mark--which is
25 longer than technical delinquency, which is 30

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2 days--but given the environment, we're looking a
3 little bit - - this year from the simple
4 technical definition to 180 days. If you look
5 at where we were the end of April, we were up
6 about 27% compared to last year, which is a
7 large change percentagewise, and included almost
8 16,000 newly-delinquent accounts compared to the
9 year before. We then go on to slide number 6,
10 the next page for anyone following along on the
11 internet. This slide is really about changes in
12 water use. It's an important variable we're
13 looking at because most of our customers were
14 billed on a metered basis, so their bill is
15 essentially the amount of water they used
16 multiplied by a rate. So, if you used less
17 water, it means less revenue come then. What
18 we've seen is quite a wide variation in terms of
19 which customer segments are using more or less
20 water than in the past. And matches close to
21 your intuition about what would have happened,
22 which is smaller, residential properties have
23 higher use compared to last year. The
24 commercial sector has substantially lower use,
25 almost 20% lower than last year. And the larger

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2 residential buildings have somewhat lower use
3 than last year. If you add it all together,
4 total water use is negative 4.7%, almost 5%
5 lower than last year. That is a revenue
6 headwind, because the less water that's used,
7 the less revenue there is for the system. I'm
8 going to flip onto slide number seven now. This
9 is about bond financing. The one sentence
10 description of that is, we used tax-exempt
11 bonds, which we sell to investors to raise cash
12 to pay for our construction projects or pay for
13 most of our construction projects. So, interest
14 rates and bond market conditions are something
15 we pay close attention to, because changes in
16 those markets and those conditions affect our
17 costs in ways completely unrelated to our
18 operations because of financial market
19 variations. But the key point here is a couple
20 of things. One, we have a substantial amount of
21 debt outstanding, about \$30 billion on the net
22 debt. That's a large number to hear. It's a
23 very manageable number if you think about
24 financial institutions, whether you look at it
25 relative to our revenues or relative to our

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2 assets. But it is in absolute terms a
3 substantial number. If you look at what
4 happened in the tax-exempt market last spring,
5 when the pandemic was kind of, you know,
6 beginning to accelerate, interest rate bonds,
7 borrowing bonds, the kinds of bonds we sell,
8 increased by a lot in a very, very short period
9 of time. That market - - location subsided last
10 year and interest rates are back to normal
11 ranges. So, we're able to borrow at normal
12 rates now. Our credit ratings remain strong.
13 The credit rating outlook remains strong. Those
14 are all positive things in terms of rates.

15 MR. MURIN: So, turning to slide eight--
16 thank you, Omar, for that. I'm now going to go
17 through System Tenure Capital Investment Plan.
18 And as Omar said, the rates that the system
19 raises support the operations, as well as the
20 bonds that finance the capital program. The
21 capital program for the fiscal years 2022
22 through 2031 total \$20.4 billion. And the chart
23 there demonstrates the breakdown between the
24 various components of where those investments
25 are made, with the bulk of it being in

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2 wastewater treatment and management, at \$7.48
3 billion. This is, you know, a significant
4 amount of investment we continue to make in the
5 systems, wastewater treatment plants and pumping
6 stations and other, you know, efforts to make
7 sure that clean water is, you know--the water
8 that we treat be as clean as possible. The
9 other next largest component piece are the two
10 areas of sewer replacement extensions, \$5
11 billion [phonetic] which covers, naturally, the
12 sewers at - - for the wastewater treatment
13 plants, and water distribution just under \$5
14 billion which is the upstate resources assets
15 that we need in order to collect, you know, the
16 water that feeds our reservoirs and then is
17 transmitted via the various aqueducts and
18 tunnels to the in-city and upstate users, which
19 also encompasses, as well, the water supply and
20 transmission of \$2.3 billion [phonetic].
21 Finally, there is a small component for
22 equipment, which is basically such as, you know,
23 IT facilities and, you know, vehicles. Moving
24 on to slide nine, this is the rate proposal to
25 be effective for July 1, 2021, which is now

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2 before the Board for their consideration. You
3 know, we are proposing to the Board a rate
4 increase of 2.76% that would be effective for
5 fiscal year '22, that is July 1, 2021. In
6 addition to that rate increase, there is also
7 enhancement to various customer affordability
8 programs which we'll get into further. And I
9 will also want to point out that there will be
10 no budgeted rental payment for fiscal year 2022.
11 The administration has indicated that they will
12 not be requesting a rental [phonetic] payment at
13 this time for fiscal year 2022. So, moving on
14 to slide ten. What does the 2.76% rate increase
15 translate into? It's typically a moderate, you
16 know, small increase to most of our, you know,
17 users. An average single-family charge, which
18 is 70,000 gallons per year, the rate for fiscal
19 2021 averaged \$967. For fiscal year 2022, it
20 expects to be \$994. So that's an increase of
21 under \$30 total for the year, just about \$2.22 a
22 month. For your average multifamily meter
23 charge, that would be a small building or
24 residential--a multifamily residential building,
25 which is about 52,000 gallons per year, there,

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2 they're seeing less than \$2 a month in the
3 increase of their charge. I will point out that
4 the minimum charge for properties, using less
5 than 90 gallons a day again will be held steady,
6 so no increase to those, which are mostly, you
7 know, seniors, as the most vulnerable population
8 that's already on the minimum charge. I'll turn
9 it back to Omar for the next slide.

10 MR. NAZEM: This slide is about our customer
11 affordability programs. This has been a big
12 topic for several years now. Given, you know,
13 we have had a number of, you know, modest rate
14 increases, income inequality continues to be a
15 big topic and you have the challenge of how you
16 increase your revenues to cover higher operating
17 expenses at the same time you have a segment of
18 customers whose incomes are not increasing, or
19 not increasing by the same amount. The answer
20 is generally you have a customer affordability
21 program. What you're doing within each of these
22 programs is issuing a targeted bill credit that
23 seeks to provide a benefit to one or another
24 customer category and it can offset part of
25 their water bill so that the affordability

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2 challenge is lessened both on existing bills and
3 also the effect of rate increases is a little
4 bit buffered as well in terms of their ability
5 to absorb those higher rates. We have three big
6 programs here. I'll start with the smallest one
7 first. The Leak Forgiveness Program, which is
8 not changing. We have it here, just to note it.
9 It's a program where if your property - -.

10 MR. MURIN: Folks, could I ask you to keep
11 your phones on mute, if possible.

12 MR. NAZEM: Thank you. The Leak Forgiveness
13 Program is a program wherein if your property
14 has a water leak, you fix it, we see it as a fix
15 by looking at metered water use, you get half-
16 off the cost of the leak. That's a good
17 program; successful program. We're going to
18 keep it. There's no up or down - - on actually
19 how many - - issue each year. But - - the
20 program terms are not changing. It's a good
21 program and we just wanted to mention it to make
22 sure folks know about it. The second program
23 I'll highlight is the Multifamily Water
24 Assistance Program. The idea of this program is
25 to issue a bill credit, \$250 per credit per

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2 apartment unit that's eligible; or apartment
3 units in properties that are affordable, meaning
4 they're subject to an affordability agreement
5 and the rent looked at in terms of the average
6 rent of the building to area median income is
7 within a range. That program is a successful
8 program and the uptake is very good every year.
9 We're increasing it this year. We're going to
10 add \$2 million to the budget, so it's going to
11 go from a \$10 million to a \$12 million program.
12 The second program we have on here that I want
13 to talk about is the Home Water Assistance
14 Program. This is another residentially-focused
15 program, but it's focused on smaller property
16 owners, which is tax class ones [phonetic] plus
17 the - - for class tax two, so one-to-four units.
18 There's actually quite a big change here in
19 terms of what we're talking about. We're going
20 to be expanding the eligibility rules to
21 include--to almost double the number, actually,
22 almost double the number of eligible accounts.
23 It's going to go from the current 51,000 to
24 96,000 total accounts. That's change number
25 one. Then change number two is we're going to

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1 give everybody who's eligible a large bill
2 credit. The bill credit today is \$115.89. It's
3 going to go as proposed to \$145 per bill credit.
4 The aggregate effect of those two changes is to
5 more than double the program budget, which will
6 take it to \$16 million. If you add it all up,
7 what we're doing is increasing the total
8 affordability budget for the customer
9 affordability programs by 50%, which is taking
10 it from \$20 million to \$30 million. It's a very
11 large one-year funding increase. The number of
12 changes that you're looking at for a few years,
13 and if you thought it was a good time to do
14 something we had always wanted to do,
15 particularly against the backdrop of all the - -
16 and dislocations [phonetic] we have seen during
17 the pandemic. So, some significant changes
18 here, but I think very positive, pro-customer.
19 Joe, I'll give it back to you for slide 12.

21 MR. MURIN: Thank you, Omar. So, I'm on
22 slide 12, which is Water Rates Remain Affordable
23 Compared to Peers. I'll highlight just, you
24 know, a couple number on this. I think
25 generally over the past years, New York City

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2 has, in its water and sewer charges, run below
3 the national average. You know, it's been
4 anywhere from 4%, you know, back in 2016, to the
5 latest numbers which we have, which is 2021,
6 where it's minus, you know, 20% below the
7 national average. So, New York City paying \$967
8 on average versus the 30 largest cities of
9 \$1,216. I think that speaks to the Board's and
10 the Administration's commitment to keeping the
11 rates low, while also recognizing we do still
12 need to make, you know, - - changes to the rates
13 to continue investments into, you know, both the
14 operations and the capital program. I'll turn
15 it back to Omar to talk about the detailed
16 policy updates that are in this latest rate
17 schedule.

18 MR. NAZEM: All right. So, I'm on slide 13
19 now, if you're following along. I will go
20 quickly through this slide. This relates to a
21 technical detail of the Multifamily Conservation
22 Program. This is a flat-rate billing program
23 for affordable properties that get meters and
24 install water-efficient fixtures in enough of
25 their units to qualify. We have a subset--it's

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2 a great program--we have a subset of customers
3 in this program who have not yet submitted all
4 the paperwork they need to demonstrate
5 compliance with all the program terms. We've
6 had already scheduled the idea of a surcharge
7 for failure to get the paperwork filed for a
8 number of years. We are going to be deferring
9 the surcharge until the end of fiscal 2022, as
10 proposed, to again, backload the pandemic, we
11 don't think it's the right time to be increasing
12 bills now, and particularly on the affordable
13 multifamily world, given the backdrop. So, this
14 is simply amending the forbearance deadline from
15 the end of fiscal 2021 to the end of fiscal
16 2022, another one-year addition to the
17 forbearance period. Slide 14. This is on the
18 topic of what happens if you don't pay your
19 water bill on time. The answer is a few
20 different things, but the immediate thing that
21 happens is we start to charge a rate of
22 interest, late interest, on the amount - - the -
23 - on what you pay on any kind of borrowing from
24 a bank. This is an issue that does not apply to
25 customers who pay their bills on time. So, this

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2 is kind of more of a delinquent payment, - -
3 this year. The law on how we deal with this has
4 been the same since 1985. The rule is you have
5 to charge late interest and you have to charge
6 it on late water bills at the same rate you have
7 to charge on late property tax bills in the
8 city. So, the law - - don't give you the answer
9 on the late interest rate. They tell you where
10 to go though. The answer for that is it's the
11 New York City Banking Commission in
12 collaboration with the New York City Council.
13 They set the late rates on property taxes.
14 That's the point that we look at. That's the
15 late interest on water bills too. Now, to
16 complicate it, of course because it must be
17 complicated, we have a computer system
18 limitation of our fairly, you know, our circa
19 1995 computer system, which is that we can't
20 currently charge for - - for interest rates.
21 So, the actual practice for a number of years
22 has been to charge an interest rate that is
23 lower than required on the most valuable
24 properties. Most properties are not affected by
25 this if your income is the lower valuation tier.

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2 If you're a higher valuation tier, you are, in
3 effect, being undercharged late interest. What
4 we're doing with the rate schedule is simply
5 eliminating the current provision which
6 describes the administrative practice which is
7 based on the old computer system, and we're
8 simply stating the legal requirement, as it has
9 always been, which is you've got to charge late
10 interest and it's the same rate that you charge
11 on the overdue property tax bills in the city,
12 and it's set by the council and the banking
13 commission. So, we're simply stating,
14 factually, what the requirement is and we're
15 taking out the old, actual administrative
16 practice requirement based on the old computer
17 system. But we have a brand-new computer system
18 coming on this year, so this marks - - computer
19 billing system which we'll be starting up before
20 the end of 2021, and that has the ability to
21 deal with interest rates in a more dynamic
22 fashion. Now, I will add the current conflict
23 is two different interest rates, one for higher-
24 and one for lower-valued properties. The
25 banking commission, the city's banking

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2 commission, has already made a recommendation
3 for what it thinks interest rates should be for
4 the coming fiscal year. That has to be
5 considered and acted upon by the council, which
6 may do what they recommended; it may do
7 something different. And the new concept is
8 there are three tiers of interest rates, which
9 will be a new twist and very different how we've
10 done this, you know, for decades now. We don't
11 know if they'll pass it. They've had the idea
12 of three interest rate tiers before. It is an
13 interesting approach. It essentially creates a
14 middle tier between the higher and lower tier,
15 which is an interesting take. If they do that,
16 we will follow the guidance as we're able to,
17 based on the computer system's abilities. But
18 the summary of what we're doing on the rate
19 schedule is simply that we're taking out the
20 existing language and we're simply repeating the
21 legal requirements as written in state law.
22 Now, slides 15 and 16, I'm going to treat as a
23 pair. These are, as I said, very similar to
24 what we're trying to do. I'll tell you upfront,
25 we've received a lot of very, very constructive

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2 detailed feedback, both policy and technical,
3 from a number of different folks. I believe we
4 have people registered to testify on both of
5 these today. I think the Board has already
6 received copies of most of that testimony. I
7 know we'll take it seriously and, you know,
8 we'll certainly - - much discussion about this.
9 What we're trying to do with both slides 15 and
10 16 is, the rate schedule is offering an economic
11 incentive to property owners who install
12 environmentally-friendly infrastructure. One is
13 you install an asset that reuses water. One is
14 you install an asset that treats wastewater on
15 site. The things we're trying to do here, the
16 commonality across both of them is, one, we're
17 trying to expand the billing concept we have
18 now, which is around the single property,
19 because the thing that requests the billing
20 discount, to retain that but also allow a group
21 of properties, say as part of a larger
22 development that has a single or a number of
23 these recycling assets on site that share them.
24 And you know, the contributions and the - -
25 systems may not be exactly proportional to, you

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2 know, to each of the variables for the different
3 buildings, but we nonetheless want to have a
4 good and pro-environmental improvement goes in,
5 make the - - able to come and apply and make the
6 case based on what a collection of properties
7 are doing as distinct from just a single
8 property. And that's an amendment we're
9 proposing to both the CWR and the private
10 wastewater treatment plants. A group of
11 properties can come and request it, not just one
12 property as the rate schedule describes today.
13 That's really the main story on this - - water
14 reuse. The private wastewater treatment billing
15 discount for doing something else with this
16 well. A key question with this is always, well,
17 if the wastewater is being treated on site, is
18 there an allowable threshold with release into
19 the city's sewer system and what should that
20 number be. The discount today contemplates
21 essentially no allowable sewage release into the
22 local sewer system, which is a high threshold.
23 The proposed rate schedule on the website
24 contemplates a 10% allowable release. We've
25 received, like I said, we're - - quite a bit of

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2 testimony describing the various reasons for
3 both policy and engineering driven why you might
4 want to look at a higher number. And we've
5 provided the Board with all that testimony. I
6 know that some speakers will be speaking on that
7 topic today. The thing I'll say about both of
8 these, and one of the reasons we've brought them
9 back today is although these are--and the
10 property - - want to encourage and we want to
11 incentivize, between the two policies, I think
12 we have fewer than ten properties in the city
13 enrolled in one or the other discount today.
14 So, it's been a fairly narrow uptake, compared
15 to our 840,000 properties that we have. These
16 are improvements that are fundamentally, we
17 think, are good, positive pro-environmental, and
18 you know, fit for system so the thought the real
19 emphasis into this is can we make commitment to
20 the policies to make them more attractive to
21 property owners and the public. That's really
22 the goal of what we're trying to do. The
23 collection of properties amendment and looking
24 at the threshold of allowable releases, both are
25 informed by that request. That's really what

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2 the impetus is here and the Board, again, will
3 be considering all the extent, the testimony,
4 that's being provided today. Joe, [phonetic] do
5 you want me to go back to you for slide 17?

6 MR. MURIN: Okay, thank you, Omar. So,
7 slide 17, you know, the Preliminary Water Board
8 Financial Outlook. So, this is a comparison of
9 fiscal year 2021 estimated where the system will
10 end up on June 30th of this year and then
11 showing what we estimate the budget needs will
12 be for the system in fiscal year 2022, starting
13 on July 1st of this year. You'll see that
14 overall, it is fairly flat, \$3.5 billion in each
15 instance, you know, with two of the biggest
16 components being, as always, the water authority
17 funds, which is for the capital program to do
18 the financing to the bonds. And then the GP
19 operations and maintenance expense, which got a
20 slight increase, mainly due to the fact that
21 there was some money that did roll over from
22 fiscal year '20 into fiscal year 2021. Fiscal
23 year '20 was just the beginning of--you know,
24 the end of fiscal year 2020, which would have
25 been the spring of calendar 2021--was the

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2 beginning of the pandemic and we did see a
3 significant slowdown in the way we were
4 conducting business, so that did create a
5 surplus that we were then able to use to offset
6 some of the needs for fiscal year 2021. Those
7 surpluses naturally went to help alleviate some
8 of the needs of the system, helping us to
9 deliver a zero percent increase last year. You
10 know, whereas for this year we are seeing an
11 increase in expenses, when you net out that \$94
12 million in surplus, of about \$45 million, which
13 were for such things that--one is canal remedial
14 design, this is the - - canal remedy that we
15 need to be working on with, you know, accordance
16 with the EPA record and decision. We also have
17 funding of about \$10 million for the Alta
18 [phonetic] Treatment Plant for the dock that
19 needs to be repaired. There's about \$8 million
20 for an increase in the price of chlorine; \$8
21 million for the new billing system that Omar
22 just referenced that would be able to allow us
23 to do these multiple interest rate charges; and
24 there's also \$6 in funding for maintenance - -
25 and fire protection at the various wastewater

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2 treatment plants. Those are just a couple of
3 the larger items as well. I will note to be
4 mindful that the 2.76% is not just covering for
5 this year, but also going forward in making sure
6 that we're going to be sufficiently, you know,
7 cash-funding to cover the expected increases and
8 other expenses as the system goes forward on the
9 OM [phonetic] side, as well as the increases to
10 the capital program.

11 And now we go to slide 18. So, this is our
12 first public hearing. We will be having another
13 public hearing tomorrow, Wednesday, June 2nd at
14 6 p.m., same format, you know, virtual with the
15 dial-in number. And then I will note that the
16 Budget and Rate Adoption meeting that is
17 scheduled for the Board to consider and, you
18 know, decide the path forward, is set for
19 Monday, June 14th at 9:00 a.m. That being said,
20 that closes the presentation. I will turn the
21 meeting back over to the Hearing Officer,
22 Michael DeLoach.

23 MR. DELOACH: Great. Now we're going to
24 hear from the public for those who have
25 registered to testify. We're going to start

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2 with Jennifer Cherrier from Brooklyn College.

3 Are you on?

4 MALE VOICE 1: I heard from Jennifer
5 Cherrier today that she had a medical issue and
6 was not going to be able to attend today.

7 MR. DELOACH: Understood, thank you. Ed
8 Clerico from the Natural Systems Utilities, are
9 you on?

10 MR. ED CLERICO: Thank you, yes. This is Ed
11 Clerico. I'm the CEO Emeritus of Natural
12 Systems Utilities and I'll thank Chairman Carney
13 and the Board members for the opportunity to
14 testify here today. So, we've been involved in
15 water reuse for 33 years, and 18 of those years
16 - spent 18 of those years in New York City,
17 starting with the Battery Park City systems and
18 now as Treasurer Nazem mentioned, we have ten
19 systems up and running in the city. All
20 throughout this time, I have to really
21 acknowledge the cooperation of the New York City
22 DEP, the Department of Health and the Department
23 of Buildings, because as we started there were
24 many barriers and regulatory challenges to
25 overcome before this program could really get

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1 legs and grow well. There were plumbing code
2 issues. There were up-code challenges that we
3 had to address. And we've been very successful
4 and the program, over time, has now grown and
5 making bigger and better systems, less pollutant
6 load on the wastewater systems and the
7 environment, better resiliency and less demand
8 on the potable water supply side. This has come
9 about through a number of changes over the
10 years, more reuse as laundry was added as an
11 allowable indoor reuse in 2007. Less energy
12 consumption through energy - - recovery systems
13 now that have been implemented as of 2015, and
14 overall improved economics thanks to the CWRP
15 [phonetic] program that Treasurer Nazem just
16 mentioned. And in all of that, more resilient
17 because these systems survived Superstorm Sandy
18 without having any violations and have proven
19 themselves to be very robust. So now with the
20 current changes that are proposed, we're poised
21 for a significant advancement under these
22 proposed changes. The district's scale ability
23 to combine multiple buildings will help both on
24 the practical aspects of deploying these systems
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2 and on the economics because they'll be slightly
3 bigger. That, coupled with the capital grants
4 program that the DEP is offering, will now make
5 this an option that will have much more uptake
6 in the market. However, there are three issues
7 in these amendments that are going to stymie the
8 future growth if left without modification.

9 They're not big issues, but they - - important.

10 So, I just want to touch on each of those three
11 briefly. The first one is, as currently written
12 is the 10% maximum allowable discharge into the
13 city sewer. And we're actually designing a
14 system now on that nature. It's the first
15 leading the country. And we don't think there
16 will be many more of these in the near future,
17 because it really takes it to extremes.

18 However, if you look at all the other systems
19 that we've been building over the years, they do
20 a wonderful job of recycling and reuse, and in
21 residential buildings there you get 50% reuse.
22 In institutional and commercial buildings, you
23 get 75% and sometimes a bit more. So, with the
24 technology, state-of-the-art the way it is, and
25 the way the regulations are in regards to what

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2 you can use non-potable water for, 75% is about
3 the most we can really shoot for on an ongoing
4 average basis. So, we requested that 10% max be
5 increased to 25% max. This way the uptake of
6 this benefit will be much more broadly applied
7 across various development projects in the city.
8 That's the first point. The second point is
9 there's a requirement as written now that we
10 monitor sewage at each point of discharge. We
11 understand the request, but we also want to put
12 forward that there's a better way of approaching
13 this with water metering, which has already been
14 improved through the CWRP program at DEP,
15 because water meters are simpler to operate and
16 to deploy and to automate, and you can create a
17 very accurate water balance within a system by
18 just using water meters. Sewage meters
19 typically work in a gravity flow situation in
20 sewage treatment plants where they can be
21 exposed to the atmosphere and in areas where
22 it's safe and appropriate to do. That's really
23 difficult to do inside building, and so that
24 would be a fairly significant hurdle that we
25 hope can be eliminated because we don't feel

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2 it's necessary for achieving the objectives
3 intended. The third one is the limitation on
4 the capital grants. As written right now, it
5 indicates that they be limited to 50%. We're
6 very happy to have the grants. We think they
7 help a lot. We just ask that you give DEP the
8 ability to use their discretion and set the
9 grants based on the benefits or the merits of
10 each project. There could be projects in
11 certain areas, maybe where the low-income
12 economics might play in or affordability of
13 building and housing units, or potentially in
14 the areas where the environmental constraints
15 are very severe and the benefit gained by
16 assisting is more than the city - - capitalized
17 to a higher degree. So, these are questions -
18 three items that you give serious consideration
19 to some edits, then we'd have a really wonderful
20 program that will be remarkable across the whole
21 country. So, it's amending the 10% max
22 discharge to the city sewage to 25%, monitoring
23 the discharge with water meters instead of sewer
24 meters, and giving DEP discretionary ability
25 with regard to the grant program. Those are my

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2 comments. Thank you very much for your time.

3 DEPUTY COMMISSIONER DELOACH: Thanks, so
4 much, Ed. Jason Loiselles from Sherwood Design
5 Engineers. Are you on?

6 MR. JASON LOISELLE: I am. Thank you for
7 having me. I appreciate it. My name is Jason
8 Loiselles from Sherwood Design Engineers. I'm
9 the principal leading our office in New York
10 City. I have been here in New York City for
11 about 15, going on 16 years now. We're actually
12 based in San Francisco. We're civil engineers,
13 but we are founded on a - focus on water
14 resources, and specifically today, we're talking
15 about the potential for water conservation and
16 water reuse in New York City, and so, as private
17 consultants we are frequently engaged by
18 architects and developers to evaluate the
19 feasibility in New York City as well as across
20 the country for establishing more comprehensive
21 measures for reducing water use, reducing
22 combined sewer discharges and promoting natural
23 systems based water reuse as well.

24 So, speaking again pretty much the same
25 topics that Ed just laid out, what we see is

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1 that New York City is incredibly progressive
2 with incentivizing us and based in San
3 Francisco, our office being-comparing the two
4 cities, New York City has taken a different
5 tactic with incentivizing rather than mandating
6 to achieve these levels, and it's laudable, and
7 I think it has the potential to be much more
8 impactful by doing it this way rather than
9 mandating. The challenge that we see is with
10 the financial viability, and potentially right
11 now with the comprehensive water reuse programs
12 and the pilot grant program there in place, it
13 kind of drives developers to go to the minimum,
14 which is 25% reduction of a baseline, which can
15 largely be achieved in most cases with just
16 conservation rather than the reuse, and then at
17 the other end of the spectrum, given the code
18 the way it's written right now, it has to go to
19 100% redirection of wastewater away from the
20 combined sewer system. It's really that gap in
21 the middle that is a huge, missed opportunity to
22 incentivize a way array of additional developers
23 to do this, and having been making this pitch
24 and doing these feasibility assessments for many

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2 years now for the largest scaled development to
3 the smallest scale. It's really that middle
4 ground where the real opportunity is yet to be
5 unlocked, and so not to reiterate exactly what
6 Ed just said, but given the way the code is
7 written and you in advance of making the
8 progress that our industry needs to make to
9 incentivize more, eventually direct
10 potabilities, treating water to potable
11 standards, the allowance for that wastewater
12 treatment and reuse makes it pretty much
13 preclusive to achieve a 90% redirection of
14 wastewater away from the combined sewer system,
15 and so, we're just advocating today for
16 something a bit more feasible. It's not
17 possible except in very unique cases that you
18 would be able to redirect 90% away unless you
19 were able to discharge to a water course, and
20 most development is landlocked with the only
21 option being discharge into the combined sewer
22 system. So essentially just reiterating that --
23 the same request today whether it be reduced to
24 25% or something more. With each percentage
25 above or increase it above at 10% redirection is

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going to incentivize that may more new developers, and it's really going to help. We're doing a lot of work in Gowanus right now advising several developers on how they can manage these challenges and you know, in a really difficult place like Gowanus, especially in wake of the new rezoning -- pending rezoning. They will be incentivized to consider something like wastewater reuse, whereas, given the way it's currently written, it's not quite there yet. A lot of it goes to the fact there is an investment - - behind most of these developers and their desire to do what is sustainable and best for our natural resources and the public health in general, but you know, perception gets in the way a lot of times with the desire to manage wastewater and so the financial side of it needs to push a little bit harder to get them over that boundary. And so, this modification to the current recommendation would go a long way to getting there. Thank you for the time and look forward to your consideration.

DEPUTY COMMISSIONER DELOACH: Great. Thank you, Jason. Michael Bogin from Sive Paget

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2 Riesel law firm.

3 MR. MICHAEL BOGIN: Yes, thank you. It's
4 Michael Bogin from Sive Paget Riesel. I'm a
5 shareholder there. Thank you, Chair Carney and
6 board members, for giving me the opportunity to
7 address you today. I have submitted written
8 comments and actually proposed redline of the
9 rate schedule part 3, section 6, and I hope you
10 will accept that. I don't want to impede what's
11 already been said by Ed Clerico and others, but
12 just again to focus on not disincentivizing the
13 project creation of water reuse and private
14 sewer systems that will take pressure off of the
15 city system. My background, I started with the
16 New York City Law Department nearly 30 years ago
17 before I went into private practice, and I was
18 one of the first attorneys in the City's
19 environmental law division. I helped draft the
20 New York City Watershed Regulations. My focus
21 for decades literally has been on looking at
22 stormwater, looking at wastewater and what
23 systems can be incentivized to take pressure off
24 of the city's infrastructure, and the city has
25 done a terrific job in doing that, and I think

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2 we will continue to do that with a few tweaks to
3 this rate schedule that we have proposed here.
4 Ed Clerico went through them again, but you
5 know, setting the threshold that something --
6 it's setting the threshold to zero is just not -
7 - or at ten% -- you know, basically a 90%
8 reduction into the system, it's not technically
9 feasible from everything that I have heard. And
10 so, we would ask the Board to look at increasing
11 that threshold to 25%. I won't again through
12 the metering issues, which also we think it's
13 something that is easily addressed on a case-by-
14 case basis by looking at the technical
15 components of the particular system that's being
16 addressed. And very importantly, not to
17 penalize developers who are looking to take
18 wastewater out of the system and to reduce the
19 amount of water use from the system, not to
20 disincentivize them or to penalize them by
21 essentially having the DEP grant program be
22 superseded in the event that a private developer
23 accepts the DEP grant, and then is unable to
24 take the benefit of the reduction in the rate
25 schedule. Those are really the three key

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2 components that we hope the Board will address.
3 And again, in the written comments, there I have
4 provided a proposed red line that I believe
5 would address those issues. Thank you.

6 DEPUTY COMMISSIONER DELOACH: Great.
7 Thanks, Michael. Holly Porter Morgan from the
8 S.W.I.M. Coalition, are you on?

9 MS. HOLLY PORTER MORGAN: Yes. I am.

10 DEPUTY COMMISSIONER DELOACH: Go ahead,
11 Holly.

12 MS. PORTER MORGAN: Thank you. Thank you,
13 Chairman Carney and board members. On behalf of
14 the S.W.I.M. Stormwater Infrastructure Matters,
15 S.W.I.M. Coalition Steering Committee and our
16 member organizations around New York City, I
17 would like to thank you for the opportunity to
18 comment on the proposed water and wastewater
19 changes. In terms of the rate increase given
20 the continued hardships posed to so many New
21 Yorkers by the pandemic, we note that the
22 increase at this time could impose a significant
23 burden on low- and moderate-income New Yorkers.
24 We believe it is prudent to exclude low- and
25 moderate-income New Yorkers from this rate

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1
2 increase until the city's unemployment rate
3 returns to pre-pandemic levels. In terms of the
4 CWR, we enthusiastically support water reuse and
5 onsite water recycling systems that reduce the
6 demand on both the water supply system and
7 wastewater treatment systems; however, we urge
8 you to carefully consider the potential
9 constraints that have been brought up here that
10 would discourage the private sector investments
11 in onsite water recycling systems, including the
12 maximum allowable discharge of ten% of treated
13 flow into the city's wastewater system, the
14 requirement to install a flow meter at every
15 point of discharge and the eligibility of funds
16 -- projects funded with more than 50% of City
17 funding. These would create barriers to private
18 developers.

19 In terms of the rental payments, the rental
20 payment is a relic of an outdated agreement made
21 more than three decades ago and revenues for
22 late payers should stay with the DEP. We
23 recommend that the Water Board take necessary
24 steps to permanently eliminate the rental
25 payments. Until the lease agreement is

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officially amended to eliminate this requirement, the DEP is at risk of losing hundreds of millions of dollars each year to an outdated agreement.

Fourth point is equitable rate restructuring. The S.W.I.M. Coalition and our members call for the adjustment of New York City rate restructure to equitably incentivize responsible stormwater management. The current rate structure failed to create incentives for sustainable stormwater management, and New York City can really do better. The City's current rate structure is blind to how much stormwater pollution a property generates, and instead what it does is it lumps wastewater and stormwater into one charge based on how much potable water is used. This is an equitable system where properties with large impervious areas but only a few bathrooms, such as a big box retail commercial site with a large parking lot, but only a few bathrooms pays far less than the true cost of managing the runoff into the public sewer system, while a more compact residential property with higher water use relative to their

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2 impervious footprint pays much more than their
3 fair share of managing DEP's stormwater
4 management costs. Okay? DEP needs to modernize
5 its rate structure to use best practices and
6 ensure that the costs of directing stormwater
7 runoff from - - developed highly impervious
8 surface areas are spread equitably among rate
9 payers. In regard to stormwater, it's crucial
10 that the city do this, so that those who
11 generate stormwater pollution pays their fair
12 share of associated costs. We see this as --
13 this restructuring would include the ability to
14 tie stormwater customer revenues directly to the
15 cost associated with stormwater management, and
16 that would give us a dedicated revenue source.
17 It would include an equitable association of
18 those costs among rate payers and an incentive
19 for private sector to invest in the
20 infrastructure as well.

21 Finally, we recognize that the DEP has a
22 study underway that will explore potential rate
23 reform, and we're encouraged by the formation of
24 the sustainable waste structure analysis
25 advisory group, and we look forward to attending

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2 the first meeting this month. We also ask the
3 Water Board to provide public oversight of this
4 study and to direct or actively collaborate with
5 the DEP to ensure that it provides a public
6 report to the Board on an ongoing basis
7 throughout the study. We appreciate the
8 interest that the Water Board members, including
9 the Chair, have shown to this topic at rate
10 hearings in the recent years, and we encourage
11 the Water Board to act now, to hold the DEP
12 accountable for making quick progress on this
13 issue. Now is the time to restructure New York
14 City's water rates to ensure that we can meet
15 these needs in an equitable manner and reduce
16 overall cost for the city. We thank you for the
17 opportunity for this phone call to provide our
18 testimony. And have a good day.

19 DEPUTY COMMISSIONER DELOACH: Great. Thank
20 you, Holly.

21 MS. PORTER MORGAN: Thank you.

22 DEPUTY COMMISSIONER DELOACH: Bonnie
23 Campbell from Two Trees Management, are you on?

24 MS. BONNIE CAMPBELL: I am on. Thank you.

25 DEPUTY COMMISSIONER DELOACH: Thanks,

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Bonnie. Go ahead.

MS. CAMPBELL: My name is -- thank you. Thank you. My name is Bonnie Campbell. I am speaking on behalf of Two Trees Management, a Brooklyn based real estate development company. I think I'm speaking as the voice of the developer that's trying hard to be incentivized as some of the previous testimony has referenced. In recent years, our company has prioritized a number of corporate sustainability goals in an effort to kind of establish our firm as leaders for responsible real estate development in New York. In accordance with these goals, we have been working with the DEP and a team of engineers to design a district scale non-portable water reuse facility at our sites, at the 11-acre Domino campus in Williamsburg, Brooklyn. This development once it's fully constructed will have over three million square feet of space, including over 500,000 square feet of office space and 2,500 residential apartments. As currently planned, the water reuse facility that we're proposing has the capacity to treat, reuse and discharge

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2 into the East River over 400,000 gallons of
3 clean water per day, reducing wastewater
4 discharges into the municipal sewer project wide
5 by more than 75%. Along with many benefits,
6 we're hoping that this unprecedented project can
7 demonstrate the private sector's role in
8 reducing the strain on New York City's potable
9 water and wastewater systems while also reducing
10 the impact of combined sewer overflows and
11 pollutant loads emitted to the East River. When
12 we initially set out to pursue this system, it
13 was a much more modest reuse only system, but
14 thanks to the availability of DEP grant funding
15 and the proposed amendment to Section 6 rate
16 schedule, we're incentivized to pursue something
17 much more ambitious, and frankly much more
18 impactful we hope. And while the payback for
19 our upfront investment for this larger system is
20 extremely long even with both sets of
21 incentives, we think that demonstrating to our
22 developer peers frankly that we can collectively
23 reduce our reliance on city infrastructure and
24 reduce our impact on the water resources is a
25 worthwhile investment in and of itself. We

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2 applaud the City and DEP for the forward
3 thinking about water conversation and reuse;
4 however, as some of the previous testimony has
5 indicated, the language as its currently
6 proposed in the Section 6 amendments leads us to
7 a place where we cannot commit to pursuing the
8 system I just described at Domino, for example,
9 without some changes to the proposed text. I'll
10 submit my written testimony that more
11 specifically describes these changes, and
12 they're not really different than what you've
13 heard in previous testimony, but I'll describe
14 them kind of generally now. The first one, the
15 10% maximum discharge currently proposed is not
16 technically feasible nor does it allow for
17 enough tolerance in the design to make this
18 magnitude of upfront investment without being
19 able to predict with confidence that the system
20 would qualify for this essential incentive.
21 This is a big thing that maybe some of the
22 previous testimony didn't say, but from a
23 developer's perspective, we really need to --
24 we're laying out all of the capital upfront when
25 we invest in a system like this. We really need

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2 to be confident that, you know, 5, 10, 15 years
3 down the road, we will be eligible for the
4 incentives that are in place. Otherwise, it
5 makes no sense to make the investment upfront
6 and when you have a very narrow maximum
7 discharge like the 10%, and you're relying on
8 engineering calculations that you know, make
9 assumptions about water usage and appliances and
10 all of that kind of thing, it is very, very
11 scary, you know, to not know that there's some
12 sort of buffer there that will ensure that we
13 qualify for this portion of the incentive. The
14 second -- previous testimony has statement the
15 end points to this metering requirement is not
16 technically feasible, and again, as worries from
17 our perspective that it's highly inaccurate and
18 it adds an additional cost to an already kind of
19 complex system of pumps and pipes and machines.
20 We know that there is much more accurate and
21 efficient ways to meter wastewater treatment in
22 private facilities as currently exist in the
23 CWRP as Ed mentioned - - and previous testimony,
24 and we recommend that these be included in the
25 applications -- the future for the rate schedule

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rather than -- sorry -- the rate - - let me just say this properly. There are much more accurate and efficient ways to meter wastewater treatment in private facilities and we recommend that subject to DEP approval, the - - engineers' report with the monitoring procedure as part of the rate application instead of establishing this specific metering procedure in the rate schedule itself. And then finally, the provision that ties eligibility requirements to the maximum city grant of 50 percent of the cost of the system really does undermine the package of incentives that are needed to make this type of investment feasible from the developer's perspective. We wouldn't be able to pursue this type of system without those sets of incentives in place. This new grant program is already discretionary, and you know, we agree that the DEP can determine how and where it best deploys capital based on Department priorities and City needs. Again, we praise the Department and the Water Board for supporting water conservation and reuse and we sincerely hope that you will consider making these changes to the proposed

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2 texts so that companies like ours will consider
3 pursuing onsite reuse and treatment. Thank you.

4 DEPUTY COMMISSIONER DELOACH: Great. Thank
5 you, Bonnie. And I know Johanna Kletter from
6 the Catholic Homes New York, you had said you
7 wanted to speak. You can go next.

8 MS. JOHANNA KLETTER: Yes, thank you. I'm
9 Johanna Kletter, Acting CEO for Catholic Homes
10 New York, an affordable housing provider under -
11 -. Our portfolio consists about 2,800 units of
12 affordable, low income, family supportive and
13 senior housing all throughout New York City.
14 These are unusual times, especially for
15 affordable housing and the residents that we
16 serve. The pandemic has disproportionately
17 affected renters, deepening their debt and in
18 turn restricting our income collections on these
19 projects. Our projects depend on rent
20 collections to provide services and meet our
21 financial obligations. Our projects have
22 suffered weird, extraordinary economic
23 hardships. As we watch them continue to
24 struggle to pay basic utility, insurance and
25 debt service bills, we oppose this proposed 2.76

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2 percent water and sewer rate increase. Although
3 we strongly support the moratorium on eviction,
4 these actions restrict tenants from being able
5 to receive emergency subsidy assistance, and
6 therefore, we have expanded our services to
7 tenants by proactively reaching out to
8 delinquent rate payers and are helping them
9 apply to any emergency rental assistance that is
10 available. DEP reported they are seeing overdue
11 bills I think 26.6% higher than last year with
12 new delinquent accounts. And I would recommend
13 DEP replicate our approach working with our
14 tenants and proactively reach out to delinquent
15 account holders and water rate payers to work
16 with them to enter payment plans. Throughout
17 the pandemic DEP has decreased the interest rate
18 on unpaid water bills as is presented in the
19 presentation. It's the thing that the City has
20 done for property taxes - - but due to billing
21 system and limitations - - system DEP is
22 charging over 5% interest rates, and I request
23 that DEP keep the lower penalty rate in place on
24 these delinquent accounts longer than New York
25 City Council has allowed for property tax and

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2 assess the penalty rate next year as well. For
3 the past 15 years, we have followed this DEP
4 rate proposal and followed the increases. We
5 witnessed the rate charge for water and sewer
6 service triple in cost. Each year we rework all
7 of our building budgets and apply to every
8 incentive program that is offered to absorb big
9 stream water rate increases. We have spent - -
10 money - - to install the low flow fixtures, to
11 fill out all the applications prior to deadlines
12 to make sure we get our buildings into the
13 affordable water program. Every year we read
14 the DEP's report or bluebook and don't feel
15 enough attention is paid by DEP to cutting their
16 costs and their overhead. Instead, the focus is
17 usually on how to increase the load compared to
18 the previous increases or you know, it's still
19 the lowest per unit in the country. This year I
20 was actually happy to see some attention being
21 paid to reworking the design, bid, build process
22 into design, build, structure, but I see that
23 DEP is still employing a staff full of engineers
24 and yet DEP still contracts out almost all of
25 their design work. We ask DEP to hire a

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2 consultant instead to analyze internal
3 operational costs and work to drastically cut
4 their operational costs. Speaking of cutting
5 costs, we would like to see the New York City's
6 rental payment eliminated from the DEP budget
7 permanently and freeing up money in the budget
8 for other items. I am happy to read about the
9 proposed 50% increase to affordability programs.
10 It's sad to hear yet another year of the
11 extension of the multi-family conservation
12 program compliance department. This program has
13 never been fully complied with due to
14 discontinuation of - - in 2012. A lot of - -
15 were parked in MCP program without being vetted,
16 without inspection, a full compliance
17 measurement. It's not right to extend this
18 program benefits to buildings not meeting the
19 efficiency standards that other MCP compliant
20 buildings are. We ask the DEP to start checking
21 compliance and issue penalties or convert those
22 non-complaint - - builds over to metered
23 buildings immediately. In my experience working
24 with affordable housing, I have firsthand
25 knowledge of how the increase on water cost

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2 disproportionately affects affordable housing.
3 We have seen the MCP fixed rate from program
4 inception in 2014 charged to \$424 per unit, and
5 why? 255% can now propose \$1,081 per unit per
6 year. I've watched our buildings get tighter
7 and tighter while not having a clear breakdown
8 of how collections are being sent to DEP. The
9 rate structure study that DEP commissioned
10 earlier this year will only be successful if it
11 includes greater participation from our
12 community-based organizations and housing
13 provided. I am going to echo - - comments. We
14 would appreciate and encourage the ability to
15 participate in the sustainable rate structure
16 analysis working group and we welcome the
17 participation.

18 In conclusion, I don't know how long I've
19 gone. Sorry if I'm over my five minutes, but I
20 ask that DEP and the Water Board consider
21 extending the interest rate reduction even
22 longer than New York City Council for property
23 taxes. I ask DEP to hire a consultant to
24 analyze internal operational costs and work to
25 drastically cut their expenses and permanently

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2 eliminate the rental payment from the DEP
3 budget, continue to expand multi-family water
4 assistance program and home water specific
5 programs for low-income rate payers, require NCT
6 compliance and issue penalties or convert those
7 non-compliant to metered buildings and ask that
8 the DEP be open to increased participation in
9 the rate structure analysis. And yes, in
10 conclusion, I would like the New York City Water
11 Board to vote for no increase on the water rates
12 for fiscal year 2022. Thank you for your time
13 and thank you for listening.

14 DEPUTY COMMISSIONER DELOACH: Great.

15 Thanks, Johanna. That's the list we have that
16 have preregistered or voiced wanting interest on
17 the call. Is there anybody else that would like
18 to testify during the call? So, Chair Carney, I
19 think hearing no one, I think we have concluded
20 our hearing today and welcome comments or
21 anything you'd like to say in closing.

22 CHAIR CARNEY: Mr. DeLoach, thank you very
23 much. - - can you hear me?

24 DEPUTY COMMISSIONER DELOACH: Yes, we can.

25 FEMALE VOICE 1: Yes.

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2 CHAIR CARNEY: Thank you. I want to thank
3 all of the people who testified today -- Mr.
4 Clerico, Mr. Loisel, Mr. Bogin, Ms. Porter
5 Morgan, Ms. Campbell, and Ms. Kletter. Question
6 for those who commented on the 10% maximum -- I
7 am sorry -- the Section 6. In order to qualify
8 for the wastewater discount private wastewater
9 treatment may release 10% of the annual
10 wastewater - -. Mr. Bogin, you have submitted
11 alternative language that's redlined. My
12 question is is 25% somehow -- 10% is
13 insufficient and apparently, that poses a
14 technical problem - - and you, Mr. Clerico,
15 recommended 25% and those who commented on the
16 same issue seeming to agree that 25% is the
17 right number. How do you get there? Is 20% the
18 right number? I don't know -- it appears that
19 those of you who commented on this issue have
20 raised a question and you have proposed a
21 number. Where does that number come from?

22 MR. CLERICO: This is Ed Clerico. I'll do
23 my best to respond to that. Thank you for the
24 question. We have many water reuse systems
25 around the country. As I said, we have been

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1
2 doing this for 33 years. The amount of water
3 reuse you can do within a certain system depends
4 on the use of the buildings, and what uses are
5 allowed for non-potable water. That's increased
6 over time as I said. We've added laundry to it
7 and we're doing cooling towers. There's a lot
8 of good uses for non-portable water, but there
9 are some that until the rules change that you
10 could have water reuse. It's really hard to get
11 much higher than 75%. So, 75% is a real stretch
12 for most projects. If you have a mixed-use
13 project, it makes 75%. If you have an
14 institutional project where most of the water
15 use in the building is non-portable water, get
16 that to 75%. Residential uses you're going to
17 be down around 50% just because of the uses in
18 the home that have to remain potable under the
19 current law, such as showering and dishwashing
20 and things of that nature that make up a good
21 part of the difference. So, the 25% comes from
22 mostly years of experience in operating systems
23 that have various types of water reuses under
24 different building use. That's how we developed
25 that number.

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2 CHAIR CARNEY: That helps me a great deal.
3 It's about experience. It's about your
4 experience with it. The impossibility of --
5 well, difficulties of going beyond 75% or 25%
6 and that's rational. Thank you. It makes sense
7 to me.

8 MR. CLERICO: You're welcome.

9 CHAIR CARNEY: Are there members with
10 questions? Adam, do you have any questions
11 particularly?

12 MR. ADAM FREED: Yeah, I guess one question
13 I have is there were a couple of examples and
14 responses to the stormwater and wastewater
15 metering issue. I believe that the person
16 testifying from Two Trees talked about having an
17 engineer's report. Had you or the gentleman who
18 testified -- I think it was Jason from Sherwood
19 Engineers talked about simply having a water
20 meter. I guess just a little bit more
21 perspective either of them may have on either
22 the technologies or the structures in place to
23 ensure that we are getting some monitoring of
24 stormwater in place as alternatives to the firm
25 rule.

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2 MR. CLERICO: This is Ed Clerico, again. If
3 I understand the question; you're asking two
4 questions: the best way of monitoring and how
5 you monitor for stormwater. So, water meters
6 are robust and they're simple and they're highly
7 automated, and it's easy to deploy a number of
8 water meters in a project and have them all
9 report to a controller and map out a water
10 balance instantaneously and continuously, so you
11 have a very good reading balance. And water
12 metering system is amount of water that comes in
13 and the amount of water goes out. It goes out
14 either through evaporation through cooling
15 towers or irrigation or it goes out to the city
16 sewer. So, because you can put water meters on
17 all of those other than to the one going to
18 sewer, it's very easy to determine how much is
19 going to the sewer by just using the water
20 meters. So, taking that same idea some of our
21 systems incorporate stormwater and you could
22 because stormwater is cleaner -- sometimes it is
23 filtered before it even reaches into the
24 building -- it's relatively easy to monitor
25 stormwater also with similar type of metering

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2 devices. So, I think it's very practical to set
3 up a robust metering program of all of our water
4 use, sewage discharge and stormwater if you want
5 that separated to know how the water in a
6 project site behaves in total. Does that answer
7 your question?

8 MR. FREED: Yes. Thank you very much and
9 I'd like to thank particularly the S.W.I.M.
10 Coalition comments on the sustainable water
11 study. Great structure study going on and it's
12 something very close to my heart, so I
13 appreciate the continued focus on that from them
14 and others.

15 MS. PORTER MORGAN: You're welcome.

16 CHAIR CARNEY: Are there other questions
17 from the members? I want to thank all of the
18 folks who have testified again. Ms. Kletter, I
19 don't want you to think that your comments went
20 unnoticed.

21 MS. KLETTER: Thank you.

22 CHAIR CARNEY: It is very often the case
23 that we get recommendations to avoid a rate
24 increase for all the right reasons --
25 affordability and particularly during this

2 difficult time. I think every member of this
3 Board heard your comments and listened
4 carefully. Thank you very much for offering.

5 MS. KLETTER: Thank you for allowing me to
6 present. I appreciate it, and I will submit in
7 written form as well.

8 CHAIR CARNEY: Terrific. Thank you. Mr.
9 DeLoach, I have nothing further.

10 DEPUTY COMMISSIONER DELOACH: Great. Well,
11 hearing no others interested in testifying I
12 believe this concludes today's public hearing.
13 Thank you all for your input and to the Board
14 for your time. I hope everybody has a great
15 day.

16 [END 12PM_Water_Board_Meeting_AUDIO_
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C E R T I F I C A T E

I, Charlene E. Golojuch certify that the foregoing transcript of 12PM Water Board Meeting AUDIO TRIM was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage, or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature: *Charlene E. Golojuch*

Date: June 4, 2021