



Water Rate Outlook for the Fiscal Year Beginning July 1, 2020

June 15, 2020

1. Update on impact of the COVID-19 pandemic on operations of the Department of Environmental Protection (DEP) and the water and wastewater system
2. Water consumption and financial trends since the outbreak of COVID-19 in the City
3. Update on DEP capital projects
4. Proposal on water and wastewater rates to the Water Board, in light of the outbreak of COVID-19 in the system's service area

- The outbreak of COVID-19 has presented unprecedented challenges
- The agency has adjusted, and water and wastewater utility operations are functioning normally

System Integrity

- Water supply and wastewater treatment capacities unaffected
- Water quality unaffected, and water supply system is not a conduit for transmitting COVID-19
- System employees being provided with personal protective equipment
- Managing against an uptick in flushing of toilet paper substitutes

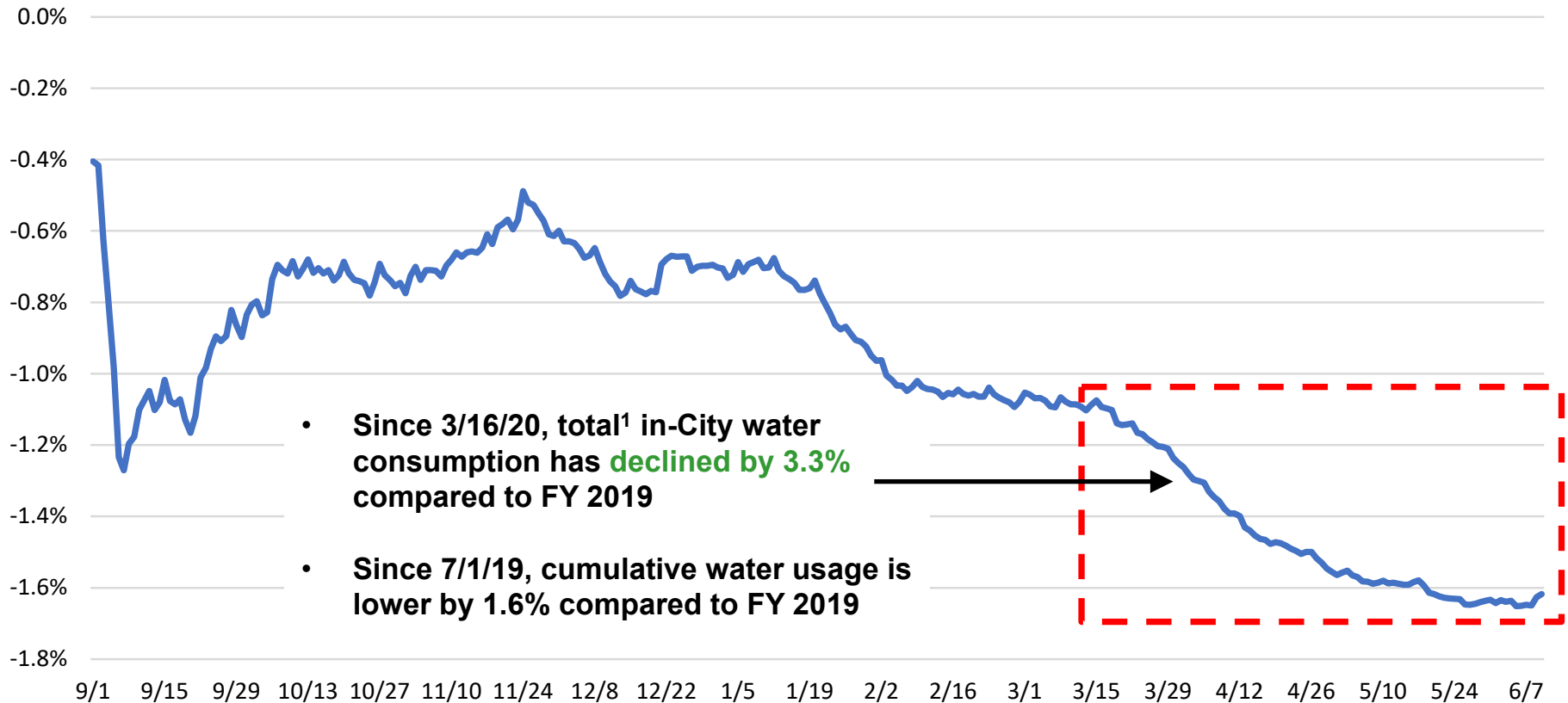
Workplace Changes

- On-site temperature monitoring is being followed
- Over 80% of office employees working from home
- Mandatory work from home for non-essential employees
- Mandatory social distancing
- Using staggered and compressed work schedules
- Meetings occurring by phone or video conference
- Distribution of PPE and hand sanitizer to personnel
- Revised dismissal and sickness guidelines

Customer Impacts

- Non-emergency water repairs and shutdowns suspended
- Meter replacements on hold
- Lien sale currently suspended until summer/fall 2020
- DEP call center and correspondence units are open; walk-in customer service offices are closed
- Online DEP permit issuance; emergency repair permits available in-person

FY 2020 Cumulative Year-to-Date Water Distribution Into NYC, Percentage Change Versus FY 2019

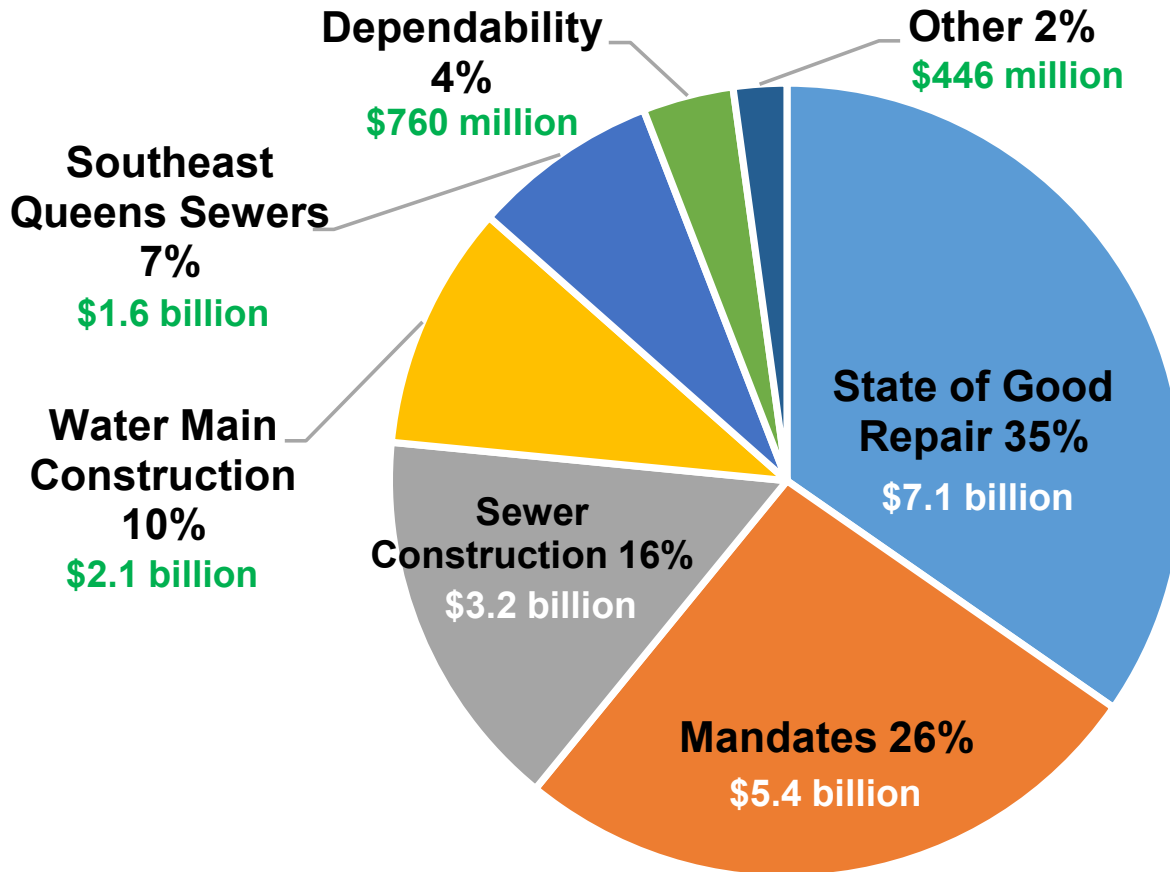


¹ Total consumption includes metered and unmetered water uses plus system losses.

- Customer payments started to soften in mid-March, and since March 16 are 8% lower than during the same time period in FY 2019
- We are forecasting that full-year FY 2020 revenues will come in at an approximately 1.0% decline from the amount of revenues collected in FY 2019
- The factors behind the lower revenues are:
 - Customers deferring payments based on household economic hardship, across both residential and commercial segments
 - Lower water consumption by commercial customers, driven by business closures, the stay-at-home order, and less tourism
 - The decision to suspend the FY 2020 sale of liens against overdue water bills until early autumn 2020

System Ten-Year Capital Investment Plan

FY 2020 – FY 2029



Capital Plan:

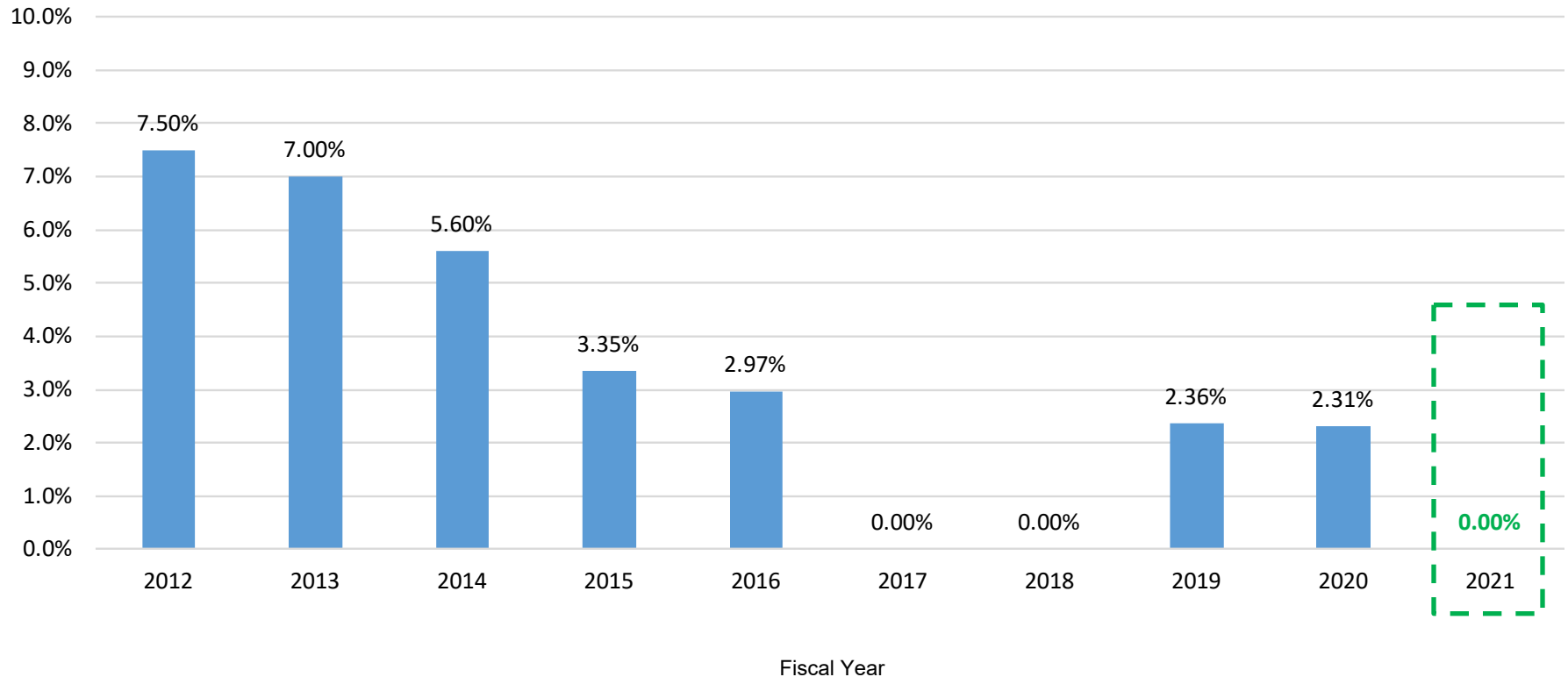
- DEP capital construction work is considered essential, and is allowed to proceed under existing COVID-19 restrictions
- **\$370 million of capital funds were accelerated** into FY20 to FY24 from the out years in the April Executive Plan for wastewater and water main projects

Operations and Maintenance:

- Like all City agencies, DEP is operating under a conservative budgeting strategy with respect to both the rest of FY 2020 and FY 2021
- Most hiring not related to the COVID-19 response is moving at a slower pace.

Rate Proposal to be Effective July 1, 2020

- Proposing **no change to rates**, and to continue billing customers at current water and wastewater rates
- No increase for customers in-City and north of the City
- \$20 million for affordability bill credit programs



Typical DEP Bills Would Remain at Current Levels

Annual combined water and wastewater charges for representative customers	FY 2020	FY 2021	Change
Average Single Family Charge (70k gallons per year)	\$967.12	\$967.12	\$0.00
Average Multi-Family Metered Charge (52k gallons per year)	\$718.43	\$718.43	\$0.00
Multi-Family Conservation Program (per residential unit)	\$1,052.29	\$1,052.29	\$0.00
Minimum Charge Properties (using less than 92 gallons per day)	\$463.55	\$463.55	\$0.00

1. **\$6 million** in funds available for Home Water Assistance Program bill credits
 - Available to smaller residential properties, est. 52,000 eligible accounts
 - Eligibility based on participation in a qualified property tax discount program or utility payment assistance program
 - Bill credit of \$115.89 per qualified water billing account

2. **\$10 million** in funds for affordable Multifamily Water Assistance Program bill credits
 - Available to multi-family properties that are party to rental affordability agreements with HPD or HDC, where the term of the agreement has at least 15 years remaining
 - FY 2020 allocation criteria prioritizing the most affordable properties based on median rent compared to area median income
 - \$250 bill credit per approval rental apartment unit

3. **\$4 million** budgeted funds for leak forgiveness program credits
 - Program covers self-reported leaks that the property owner fixes
 - Repaired leaks are eligible for 50% credit of the charges on the leak

NYC Rates Remain Below Other Cities

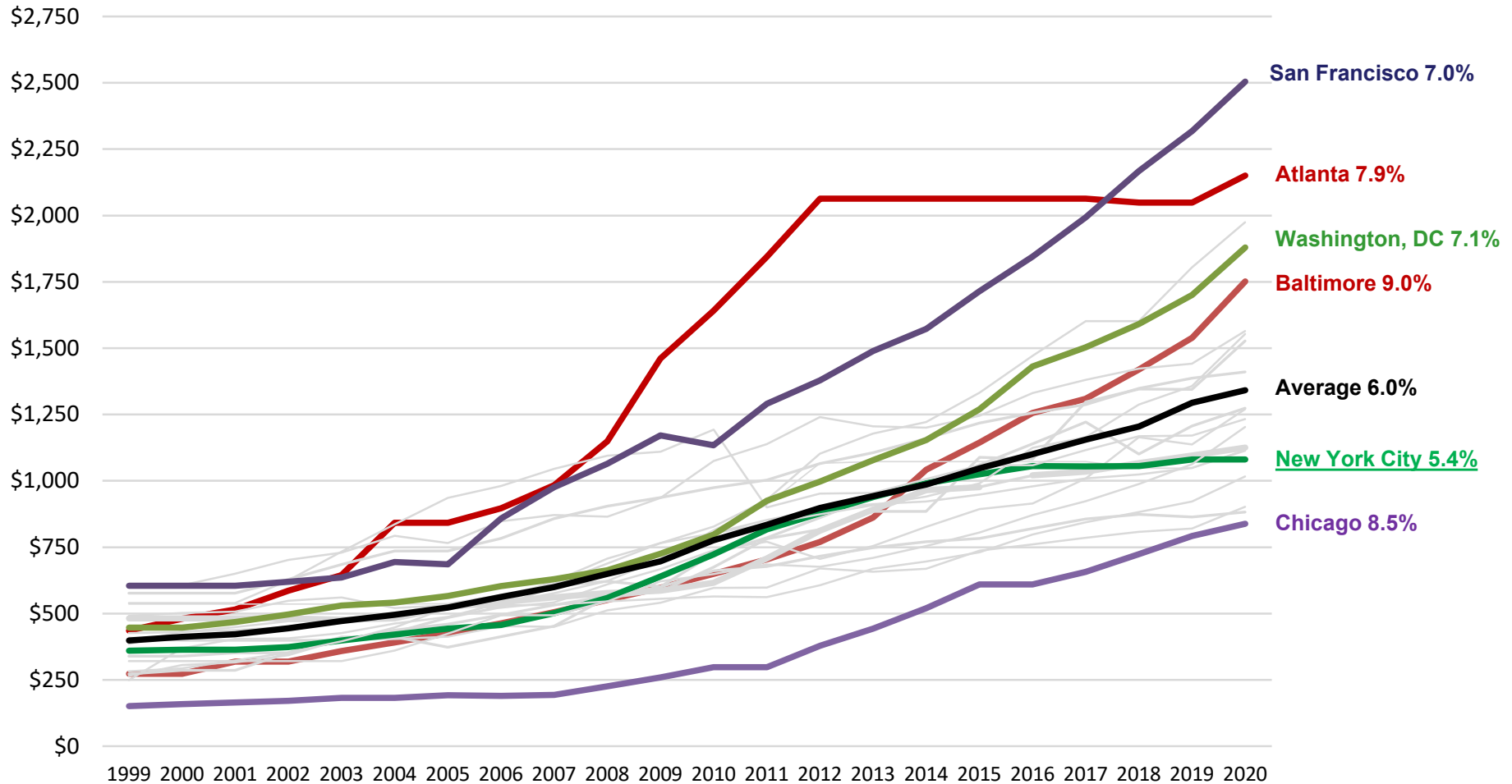
		New York City	30 Large City Average ¹	NYC vs. Average
Based on 80k gallons per year	2016	\$1,055	\$1,101	-4.2%
	2017	\$1,055	\$1,156	-8.7%
	2018	\$1,055	\$1,205	-12.4%
Based on 70k gallons per year	2019	\$945	\$1,119	-15.5%
	2020	\$967	\$1,173	-17.6%
	2021	\$967	NA	NA

Note 1: based on rates in effect as of February each year, for 70,000 or 80,000 gallons of annual water usage

NYC Water Rates Consistently Below Other Cities

Average annual water charges,
based on 80,000 gallons per year

Average annual
growth 1999 - 2020



Note: based on rates in effect as of February each year, for 80,000 gallons of annual water usage

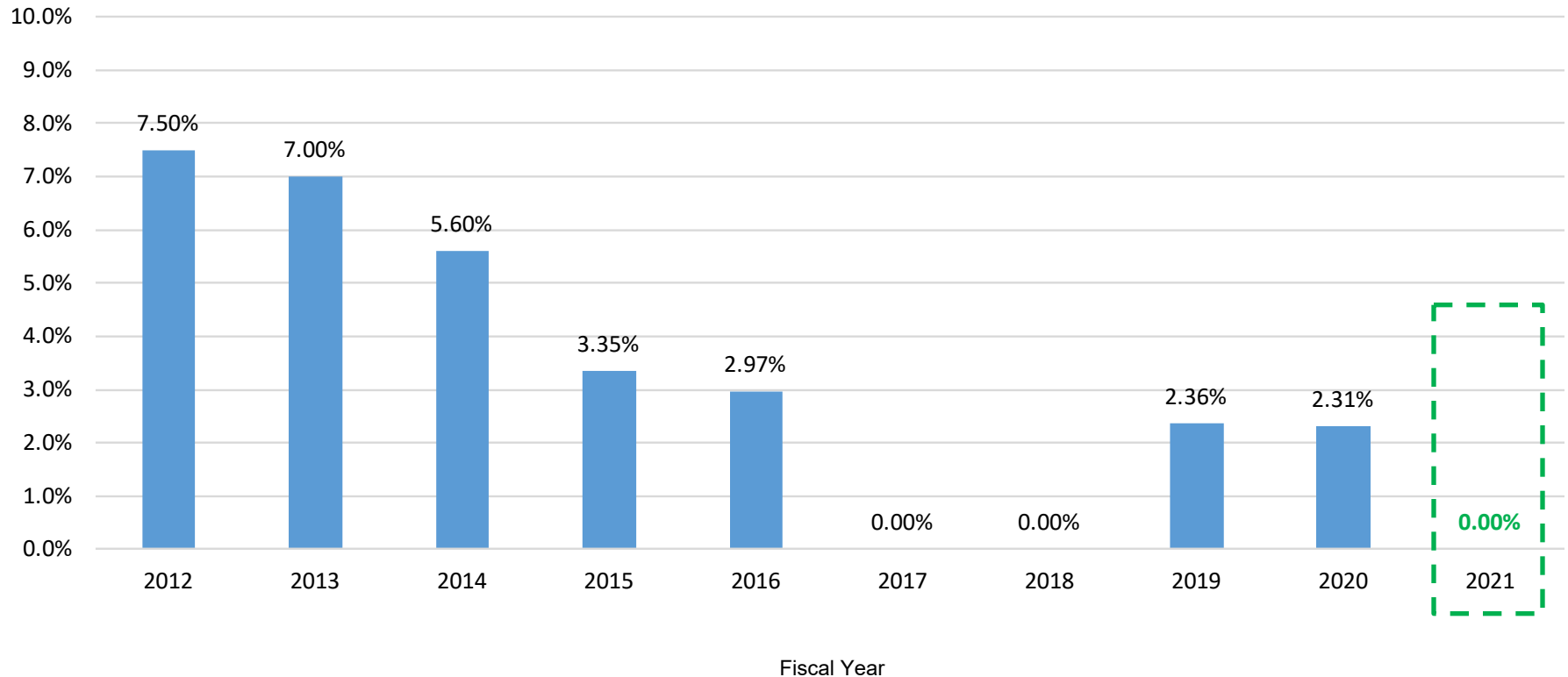
- Customers enrolled in the Multi-Family Conservation Plan flat rate billing program who did not provide documentation to DEP by December 31, 2018 are now exposed to a 10% surcharge on their annual bill
- In light of the COVID-19 pandemic, DEP is not assessing the 10% surcharge for FY 20, and will not include the 10% surcharge in the FY 21 annual billing

Preliminary Water Board Financial Outlook

Million of dollars	Estimated FY 2020	Preliminary FY 2021	Comment
Water Authority funds for debt service and cash-funded capital investment or defeasance of existing debt	\$1,943 (52%)	\$1,634 (49%)	Lower budget for balance sheet management; lower year-end balance; release of reserves from escrow; debt savings
DEP operations and maintenance	\$1,600 (42%)	\$1,578 (48%)	Continuing to invest in engineering, operating, and customer service bureaus; funds for COVID-19 response
Water Board and Water Authority combined expense budgets	\$97 (3%)	\$109 (3%)	No significant changes
One-time reinstatement of rental payment to the City	\$128 (3%)	\$0 (0%)	Net of 50% discount in FY 20
Total projected expenses	\$3,769 (100%)	\$3,321 (100%)	Expense reduction reflects projected lower revenues from customer payments

Recap of Rate Proposal to be Effective July 1, 2020

- Proposing **no change to rates**, and to continue billing customers at current water and wastewater rates
- No increase for customers in-City and north of the City
- \$20 million for affordability bill credit programs



Event	Date	Conference Call Details	Time
Water Board Meeting	Friday June 19	By conference call, using phone number 347-921-5612, and conference ID: 956 371 194#	8:30am