

# **Wholesale Water Rate Outlook for the Fiscal Year Beginning July 1, 2023**

**May 31, 2023**



# Topics that will be covered in today's presentation



- Spotlight on recent DEP highlights
- **Rate proposal**
- Public hearings and contact information for public testimony

# Spotlight on recent DEP highlights



# The city that never sleeps

DEP's **5,500 employees** work to provide the City with reliable water and wastewater service **24 hours a day, 365 days a year** to protect your health and the environment by ensuring that New Yorkers have a reliable source of high-quality drinking water and that wastewater is treated properly.

Paying your bill helps make that possible by funding maintenance, upgrades, and repairs to almost **15,000 miles of water and sewer mains**, **19 reservoirs**, **12,000 rain gardens**, **14 water resource recovery facilities**, and **96 pump stations**.



# Investing in the next generation

Bill payments are invested back into our complex network of infrastructure so we can:

- ✓ **Keep the Water Running**  
We deliver one billion gallons of fresh, clean drinking water to more than 8.3 million New Yorkers every day and another 1 million customers north of the City.
- ✓ **Protect the Harbor**  
New York's surrounding waterways are cleaner than they have been in more than a century, thanks in large part to improvements we've made in treating more than 1.2 billion gallons of wastewater daily and capturing stormwater before it ever enters our sewer system.
- ✓ **Plan for the Future**  
As we face a changing climate, we are working hard to implement innovative new solutions for stormwater capture, resource recovery, and water conservation.

# DEP completed its work at Kensico Reservoir earlier this year, and recently opened its new offices in Arkville

- DEP opened its new Delaware County offices in Arkville in March this year, located at 669 Route 38, in partnership with the Catskill Watershed Corporation
- DEP is a sizeable employer in the watershed area, employing nearly 1,000 FTEs across its offices, including more than 500 in the greater Catskills region, as well as being a significant property taxpayer, contributing approximately \$170 million per year to watershed communities
- DEP's economic footprint in the watershed includes a sizeable local payroll of more than \$70 million per year



- In October of last year, DEP completed \$13 million of shoreline stabilization work at Kensico Reservoir, repairing damage resulting from hurricane strength winds, with the project completed at less than originally budgeted costs
- A total of more than 1,400 feet of shoreline at two different locations along the reservoir bank were included in the project improvements

# Work on the Rondout-West Branch Bypass Tunnel is complete, and preparatory work for the Delaware Aqueduct repair is underway for a temporary repair shutdown beginning in 2023

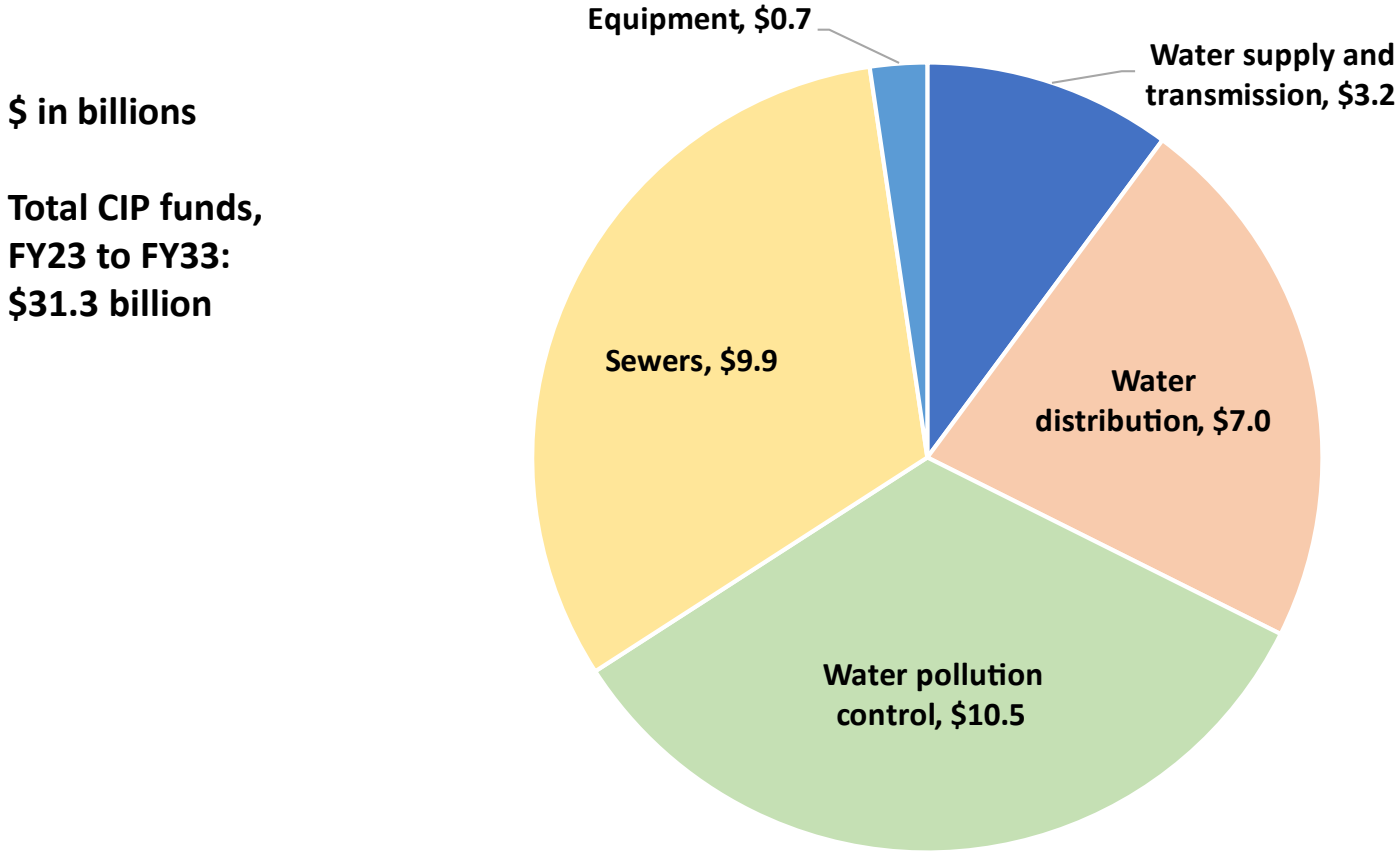
- State of Good Repair project to build supplemental water delivery capacity during the shutdown, while the leaking sections of the Delaware Aqueduct are repaired
- Core construction work on the bypass tunnel was completed in calendar year 2022
- The closure of the Delaware Aqueduct is expected to occur in October 2023 and to last for a 5 to 8 month time period
- Total remaining capital plan commitments of \$108 million in the FY23 to FY 33 capital plan forecast years

**Tunnel Boring Machine**



# Capital construction is at the heart of DEP's mission, and the agency is making significant strides toward delivering its largest-ever capital plan

Capital Improvement Program,  
Fiscal Years 2023 to 2033



Source: capital funds are presented on an all-funds basis, including City and Federal source funds  
Source: NYC Municipal Water Finance Authority official statement dated March 9, 2023



# Wholesale rate proposal

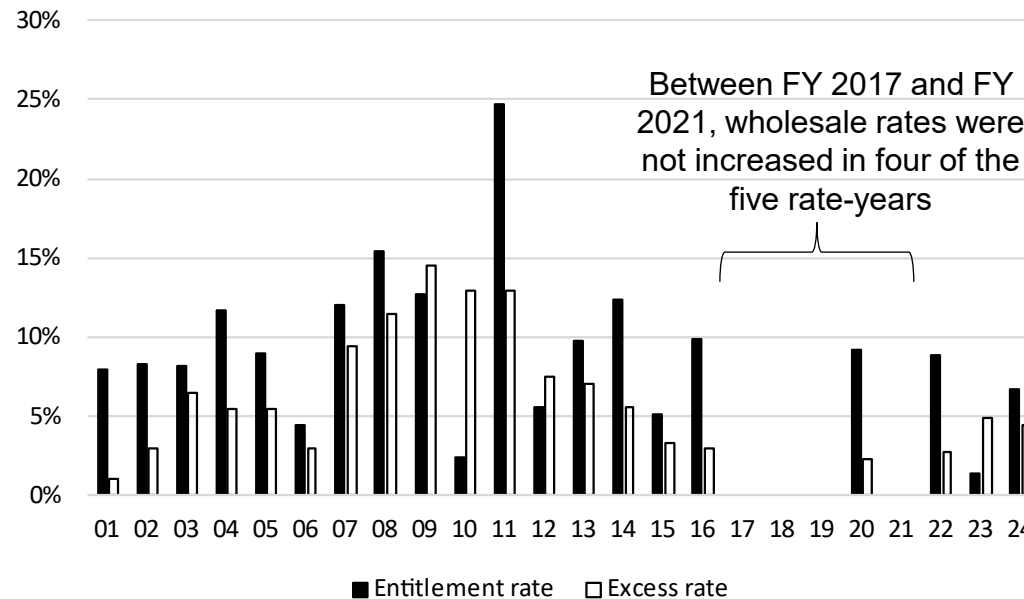


## **Debt issuance attributable to the capital-intensive nature of the water system plus property taxes account for more than half of the costs recoverable through the allowance quantity rate**

<b>\$ in millions</b>	<b>FY 2024</b>	<b>Percent of Recoverable Costs</b>
Debt service	\$287	33%
Administrative and other expenses besides personnel costs	181	21%
Property tax payments on property located north of the City	172	20%
Personnel assigned or allocated to water supply offices and duties	155	18%
Funds used to pay for construction work with cash or to restructure old debt	51	6%
Adjustments for water supply items not included in the rate calculation	(6)	-1%
Phase-in of under- or (over-) charging in previous rate years	27	3%
<b>Total expenses incurred, or allocable to, facilities and activities north of the City</b>	<b>\$866</b>	<b>100%</b>

## DEP recommends that the Board also increase water rates for wholesale customers in Fiscal Year 2024

- In addition to supplying water to the City's residents, DEP supplies water to the water utilities that serve another one million residents who live north of the City, mainly in Westchester County
- These local water utilities are allowed to purchase water from City sources pursuant to State law, from water supply assets located outside of the City and that pass through the area en route to the City, under a DEC-regulated rate framework
- DEP is recommending the Board consider an allowance quantity **rate increase of 6.76%** for wholesale customers north of New York City, to a rate of \$2,224.32 per million gallons
- A typical end consumer's water bill would increase by \$0.82 per month, or \$9.85 per year
- Recommended rate increase for amounts in **excess of the allowance quantity of up to 4.42%**, in line with the proposed in-City rate increase, to a rate of \$5,865.75 per million gallons



# Calculation of the allowance quantity rate, based on projected Fiscal Year 2024 system-wide water consumption

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Aggregate system water use projected for the next fiscal year	389,275	
<b>Proposed allowance quantity water rate for FY 2024</b>	<b>\$2,224.32</b>	

# Contact information for further public testimony



## Recap and thank you

- The Water Board is scheduled to hold its next meeting to vote on its annual budget for Fiscal Year 2024 and the proposed water rates on June 6, 2023 at 9:15 a.m., at the New York City Office of Management and Budget, 255 Greenwich Street, 8th Floor Conference Room, Manhattan, New York
- Testimony, comments, or questions regarding the proposed rate, the hearings, and any prepared testimony, as well as requests to register to speak at the hearings, should be directed to:

NYC Water Board

Preferred contact methods:  
nycwaterboard@dep.nyc.gov  
718-595-3591

If by mail:  
59-17 Junction Boulevard  
8th Floor  
Flushing, NY 11373

# Questions?