

## **New York City Water Board**

### Activities, Operations, and Accomplishments – Fiscal Year 2023

The New York City Water Board (the “Board”) is responsible for setting water and sewer rates at a level sufficient to fund the capital, operating, and financing needs of the New York City water and sewer system (the “System”). The Board is obligated by an Agreement of Lease with the City of New York (the “City”) and a Financing Agreement among the Board, the City, and the New York City Municipal Water Finance Authority (the “Authority”) to establish rates and charges in each year at a level that will provide the required revenue. The Board collects all System revenue and disburses it as follows: 1) to fund debt service on bonds issued to finance capital improvements to the System, 2) to reimburse the City for operating and maintenance costs, 3) to pay a rental fee to the City for the lease of the System (as requested), and 4) to fund required reserves and any other required payments. Daily operations of the Board are carried out by officers and staff of the New York City Department of Environmental Protection (“DEP”) utilizing the office space of DEP.

The Board monitors billings and collections throughout the year, and Board members receive between five and eight financial updates annually. In addition, the Board periodically enters into contracts to support its revenue and collection activities. Presented below are highlights of the Board’s activities, operations and accomplishments for the period of July 1, 2022 through June 30, 2023:

On September 23, 2022, the Board:

- Approved funding and authority to retain a management consulting firm. McKinsey & Company was subsequently selected through the process, and the firm completed a strategic review of the agency during Fiscal Year 2023.
- Reviewed a request from DEP for assistance in applying for and managing government grants.

On October 13, 2022, the Board:

- Accepted the independent auditor’s report on the audited financial statements for the fiscal years ended June 30, 2022 and June 30, 2021 and authorized the release of the financial statements.
- Reviewed the annual fiscal year 2022 investment report and approved the ongoing adoption of the investment guidelines.
- Approved funding and authority to retain a government grant consulting and advisory firm. West Monroe Partners was subsequently selected as a result of the process, and the

firm began working with the DEP team during Fiscal Year 2023 to identify agency projects that would be suitable to include in applications for government grant funding.

- Received a financial update from DEP on the agency's revenues and trends in accounts receivable.

On December 6, 2022, the Board:

- Was provided with a briefing by DEP with a proposed strategy to encourage customer with accounts receivables to make payments toward paying or partially reducing their account balance, and to encourage timely payment of water bills.
- Authorized a customer amnesty program offering late interest rate adjustments to accounts facing billing delinquencies that would choose to make a cash payment toward the balance on their account pursuant to the program terms.
- Authorized an increase to the available bill credit amount for customers enrolling in recurring online payments and electronic billing.
- Approved two additional customer programs to provide account benefits to pre-verified customers participating in (i) the New York State Office of Temporary Disability Assistance's (OTDA) affordability program, the Low Income Homeowner Water Assistance Program (LIHWAP), or that are (ii) affordable multi-family housing properties categorized by DEP as HDFC or HDC conforming properties.

On December 6, 2022, the Board also convened a meeting of its governance committee:

- The committee reviewed the role and scope of responsibilities of the committee.
- Held a discussion concerning the roles and responsibilities of the Board's contracting officer.

On March 3, 2023, the Board:

- Received a presentation from DEP describing the results of the agency's priorities and goals for 2023, resulting in part from the work performed by the Board's strategic consulting advisors at McKinsey & Company.
- Approved a consulting agreement with DEP's former commissioner and former chief operating officer, Vincent Sapienza, to retain Mr. Sapienza on an advisory basis focused on his operational and management experience in numerous DEP bureaus and the senior management office.

On May 1, 2023, the Board:

- Received DEP's proposed approach to water rates for FY 2024, including a proposed increase of 4.42% to in-City rates and proposed increases to the wholesale allowance

quantity and excess rates of 6.76% and 4.42%. DEP agreed to take the proposal under consideration and to hold public hearings.

On May 24, 25, 30, 31 and June 1, the Board held in-person public hearings on the proposed increase to water and wastewater rates charged to customers located in the City.

On May 31, 2023, the Board held an in-person public hearing by on the proposed wholesale water rates charged north of the City.

On June 6, 2023, the Board:

- Adopted the Board's annual budget for FY 2024.
- Adopted the Board's rate schedule effective July 1, 2023, including an increase to water and wastewater rates of 4.42%, and a reauthorization of the Board's core \$30 million package of customer affordability programs.
- Adopted increases to the wholesale allowance quantity and excess rates of 6.76% and 4.42%, respectively, effective July 1, 2023.
- Voted to extend the Board's OTDA/LIHWAP and HDFC/HDC customer programs first approved at the December 6, 2022 meeting for the duration of Fiscal Year 2024.