

NEW YORK CITY WATER AND WASTEWATER RATE REPORT

Proposed Rates to Take Effect July 1, 2026

May 2026

NEW YORK CITY
WATER
BOARD

The New York City Water Board (the “Board”) has prepared this information booklet to inform the public about a rate proposal that would take effect on July 1, 2026 and to provide information on the financial condition of the water and wastewater system (the “System”).

New York City’s System is among the largest in the world. The water supply system delivers one billion gallons of high quality drinking water every day to approximately 8.3 million people in New York City (the “City”) and approximately one million residents in the counties north of the City. The City’s fourteen Wastewater Resource Recovery Facilities (WRRF) treat 1.2 billion gallons of wastewater daily. The City’s water and sewer infrastructure plays a critical role in promoting public health and the City’s economic vitality.

The City is a unique asset, constituting the largest urban center in the United States, and is a global destination for commerce, tourism, and diplomacy. Protecting the City’s water and wastewater infrastructure has been a key priority of successive Mayoral administrations. The Mamdani administration has continued that tradition since entering office in 2026, emphasizing the importance of maintaining the operational and financial integrity of the City’s infrastructure. The City’s water and wastewater system, like the City itself, is characterized by its large physical scale, as well as its composition consisting of thousands of unique, important, and distinct infrastructure assets.

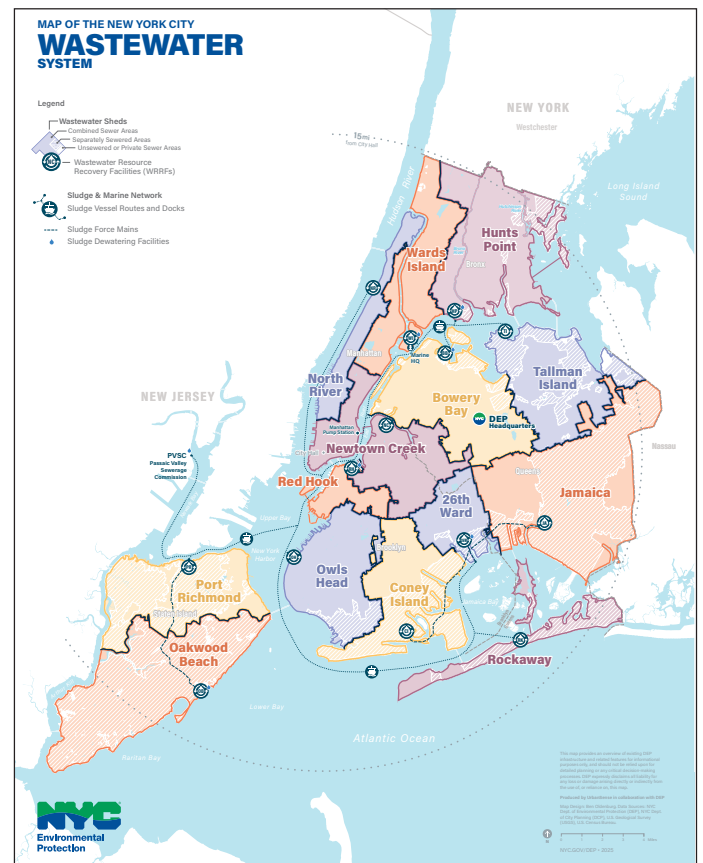
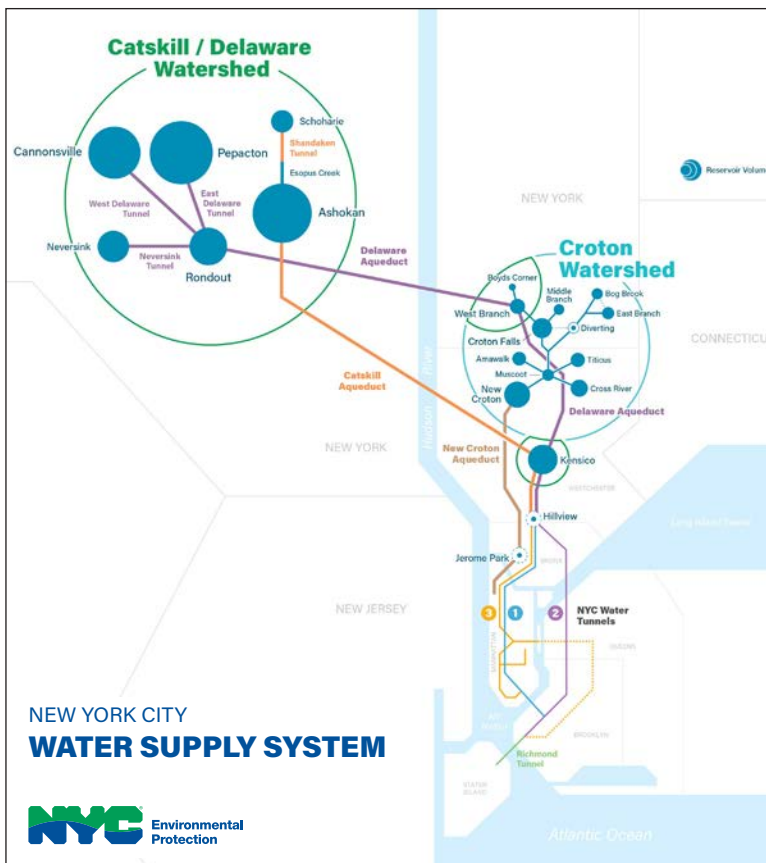
Revenue from rates charged for service covers the System’s capital and operating expenses. Most properties are charged a metered water rate based on consumption. Approximately 3% of accounts are billed on the basis of non-volumetric flat rates, billing programs which are available in most cases only after installing water efficiency improvements. Wastewater charges for meter-billed and flat-rate properties are assessed at 159% of water charges.

NEW YORK CITY WATER BOARD

The New York City Water Board’s mission is to establish rates for and distribute the collected revenues of the Water and Sewer System of the City of New York, proactively considering the optimal level to achieve efficient financing of the System’s infrastructure and sustainable provision of high-quality service at a fair price to our customers.

Water Board Members:

Arlene Shaw, Chair
Alfonso Carney, Jr.
Adam Freed
Jukay Hsu
Richard Miller
Udai Tambar
Daniel Zarrilli



WATER BOARD RATE ADOPTION PROCESS

- ▶ The Department of Environmental Protection, working in partnership with the City's Office of Management and Budget (OMB), projects the water system's operating and maintenance expenses, which OMB then certifies in an annual communication to the Board based on the Mayor's Executive Budget.
- ▶ The New York City Municipal Water Finance Authority projects debt service on bonds issued to finance water and wastewater capital projects and certifies the annual debt service to the Board.
- ▶ The system's consulting engineer certifies that the annual expenses and capital investment are reasonable and appropriate to maintain the viability of the system.
- ▶ The system's rate consultant certifies that revenues are sufficient to cover expenses, that the proposed rate structure will support the revenue requirement, and that the proposed policies will advance the Board's mission.
- ▶ The Board holds a public hearing in each borough of the City. (See schedule below.)
- ▶ At its Annual Meeting, the Board adopts an Annual Budget based on the estimated expenses that have been certified to it and adopts a rate. The Board must adopt a rate that will produce sufficient revenues to fund the estimated expenses, and is tasked with equitably and affordably allocating the cost of water and wastewater service across the City's large and diverse property base.

CALENDAR OF EVENTS LEADING UP TO THE START OF THE NEXT FISCAL YEAR

Event	Date	Location	Time
DEP rate proposal to Water Board at public meeting	Monday May 11	255 Greenwich St., 8th floor Manhattan	8:30 a.m.
Queens public hearing	Monday June 1	JFK Jr. School 57-12 94th Street, Elmhurst, Queens	6:00 p.m.
Manhattan public hearing	Tuesday June 2	NYC OMB, 255 Greenwich, 8th floor, Manhattan	11:00 a.m.
Brooklyn public hearing	Tuesday June 2	Saint Francis College, 179 Livingston Street, Brooklyn	6:00 p.m.
Staten Island public hearing	Wednesday June 3	Bernikow JCC, 1466 Manor Road, Staten Island	6:00 p.m.
Bronx Public Hearing	Thursday June 4	Mercy College 1200 Waters Place, Bronx	6:00 p.m.
Water Board public meeting to vote on budget and final rate	Friday June 10	NYC OMB 255 Greenwich St., 8th floor Manhattan	8:30 a.m.

DEP INFRASTRUCTURE OVERVIEW AND FY 2027 UPDATES

DEP ANNOUNCED A \$108 MILLION INVESTMENT TO IMPROVE SEWER PERFORMANCE CITYWIDE AND ENHANCE STORMWATER RESILIENCY

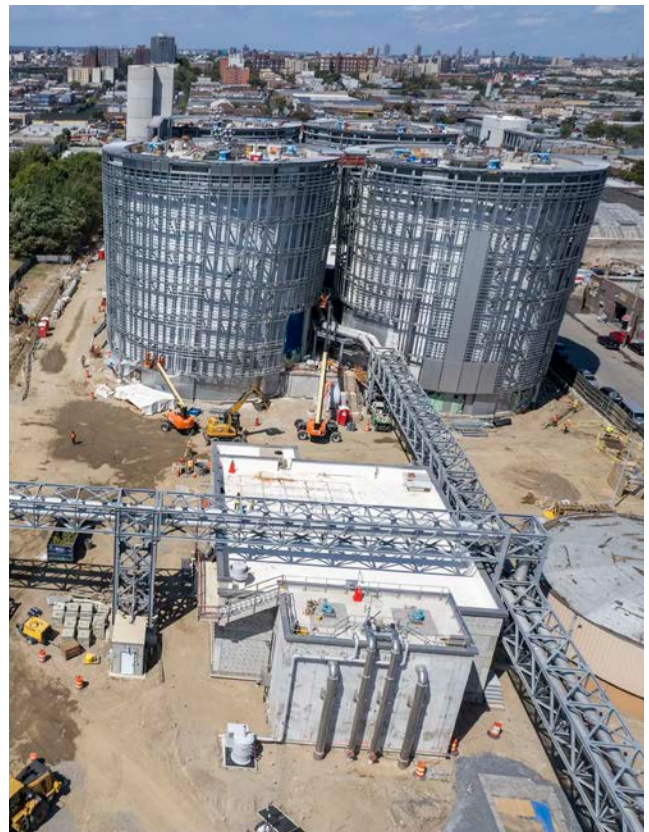
With Mayor Mamdani, DEP announced a \$108 million program to upgrade and replace more than 6,700 catch basins that no longer meet modern standards over the next decade to ensure the City's street drainage network is resilient in the face of more frequent and intense rain events. This investment follows DEP's \$20 million purchase of 40 new catch basin cleaning trucks. The City has more than 150,000 catch basins, also known as storm drains, that are an important part of the 7,500-mile sewer network. These curbside grates channel stormwater into underground pipes that carry it to one of DEP's 14 wastewater resource recovery facilities or directly into local waterways. When catch basin grates become blocked by litter or debris, they cannot drain properly, increasing the risk of street flooding. Work begins this summer in Queens.



Mayor Mamdani and Commissioner Garcia at a Stormwater resiliency event

DEP IS NEARING COMPLETION OF THE HUNTS POINT DIGESTER FACILITY IN THE BRONX

The Hunts Point Wastewater Resource Recovery Facility ("WRRF"), located in the South Bronx, is one of the largest of DEP's 14 WRRFs. Originally built in 1954, it receives wastewater from nearly 700,000 residents in a drainage area covering over 16,000 acres in the Eastern Bronx. DEP is nearing completion on a \$368 million investment to upgrade and expand capacity to process the solids from wastewater (called sludge) in four new 125-foot-tall digester tanks. The tanks are like giant stomachs that digest the sludge, producing renewable materials that can be beneficially reused. The project will make the wastewater treatment process more efficient and reliable, increase capacity for future food waste processing, and address quality of life concerns from the surrounding community. Construction of the ten-story tall tanks and support buildings is complete, and the pumps and other associated mechanical and electrical systems are currently being installed. The project is on schedule to be complete this year.



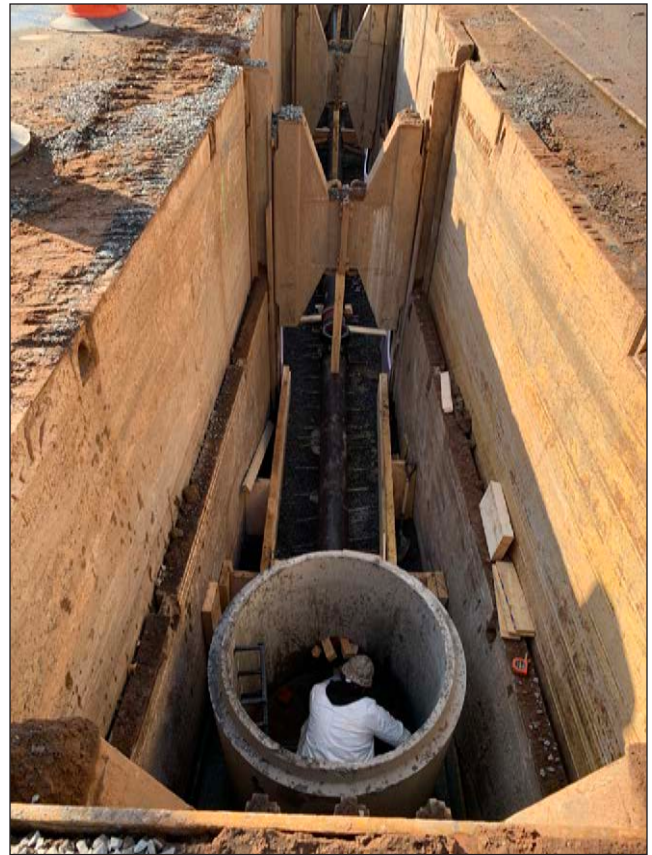
Hunts Point digesters construction project

DEP COMPLETED \$84 MILLION STREET AND DRAINAGE PROJECT IN NEW DORP BEACH AREA HIT HARD BY SUPERSTORM SANDY

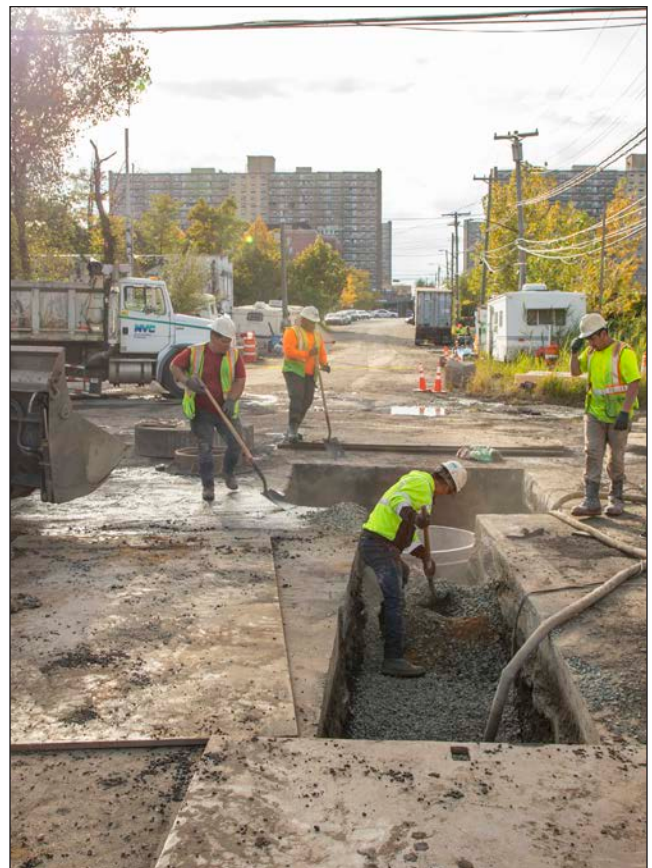
DEP and its partner agencies, including the City's Department of Transportation and the City's Department of Design and Construction, completed significant upgrades to the wastewater system in the Staten Island neighborhood of New Dorp Beach. DEP installed more than 1.6 miles of storm sewers and 101 new catch basins in a neighborhood previously without a storm sewer system. The construction project included adjusting street elevations to align with the new storm sewer system to provide proper drainage. The elevation changes enabled the gravity-reliant storm sewers to collect stormwater and drain correctly toward the lower New York Harbor. The project also involved reconstructing more than 880 driveways to meet the new street levels.

DEP PARTNERED WITH OTHER AGENCIES TO INVEST \$146 MILLION TO ADDRESS CHRONIC FLOODING IN THE JEWEL STREETS NEIGHBORHOOD

In partnership with the New York City Department of Transportation (DOT), and the New York City Department of Design and Construction (DDC), DEP announced the plan to construct a comprehensive new drainage system to eliminate the use of septic systems in the Jewel Streets and protect the neighborhood from flooding. Because the Jewel Streets — which straddles 12 blocks across East New York in Brooklyn and Lindenwood in Queens — is a low-lying area without comprehensive stormwater and sanitary sewer infrastructure, residents experience year-round flooding; the neighborhood is often described as “The Hole” due to its sunken streets. The infrastructure plan includes new sanitary sewers across the neighborhood, a stormwater and sanitary pump station, and a network of storm sewers to direct rainfall into newly-created bluebelts — natural water features that store and filter rainwater before ultimately releasing the water into Spring Creek. The plan builds upon DEP's completed drainage infrastructure at four key intersections in the north and south Jewel Streets that have dramatically improved conditions — draining stormwater ponding in just two days when it used to take 60 days. DEP and other city agencies worked closely with the community and local elected officials for two years to develop these solutions.



Sewer upgrade project, New Dorp Beach, Staten Island



Sewer upgrade project, Jewel Street neighborhood, Brooklyn

DEP KICKED-OFF THE DESIGN WORK FOR A \$50 MILLION FLOOD PROTECTION PROJECT IN PROSPECT PARK

DEP launched Brooklyn's first-ever Bluebelt to reduce stormwater flooding and protect the park and surrounding communities against extreme weather due to climate change. Together with NYC Parks and the Prospect Park Alliance (PPA), the nonprofit that operates the park in partnership with the city, DEP studied the park's landscape and water systems to find ways to improve drainage. The study found that during intense storms, rainwater often rushes over the ground instead of flowing into the park's 60-acre lake, leading to flash flooding in the park and surrounding communities. To address this, DEP is working with NYC Parks and PPA to design a Bluebelt that will use nature-based solutions — enhancing the park's lake and wetlands — to manage intense rainfall. The project will upgrade the lake's drainage infrastructure to lower water levels faster giving the park more capacity to handle large storms; create a new pond and a continuous stretch of planted rain gardens along West Drive to will slow and filter rainwater and ultimately drain to the lake after a storm, instead of flooding homes and streets to the south; and restore an original pond near the zoo to collect rainwater off of Flatbush Avenue and help protect the zoo from future flash flooding events.



Flood protection project in Prospect Park

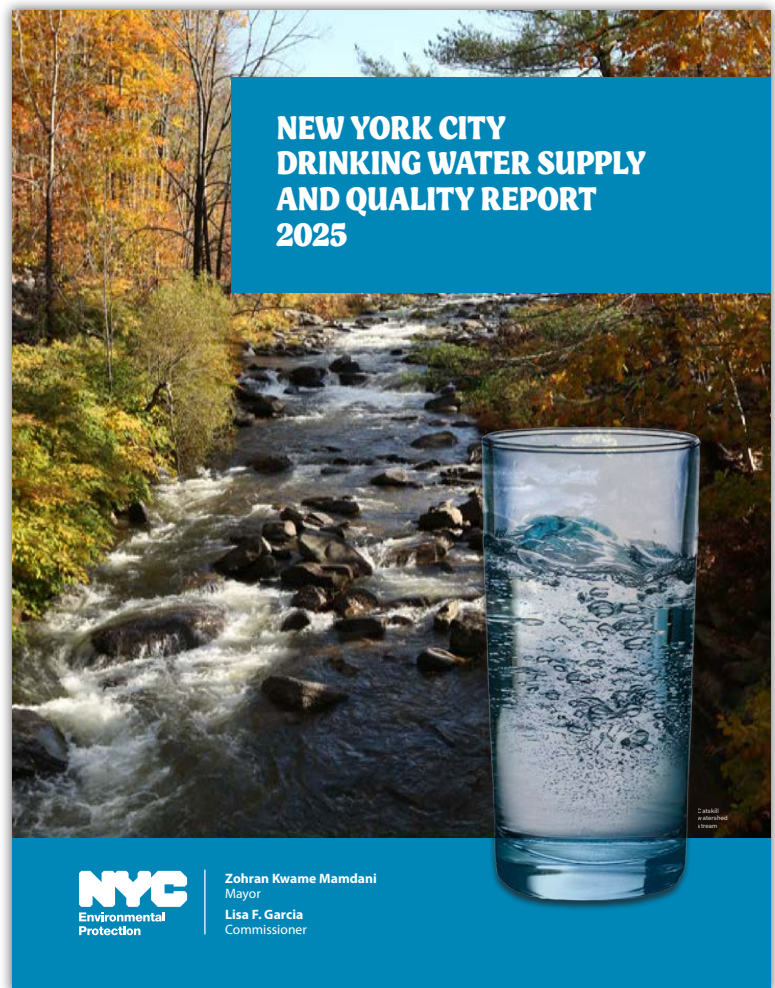
DEP WELCOMED LISA F. GARCIA AS THE AGENCY'S NEW COMMISSIONER IN FEBRUARY

Lisa Garcia joined the Department of Environmental Protection in February 2026, taking on the role of Commissioner. Ms. Garcia was previously an environmental lawyer and has advocated for environmental and climate justice for over 20 years, representing both grassroots organizations and public agencies at all levels of government. Her background includes working as a former United States Environmental Protection Agency Regional Administrator, with responsibility of overseeing environmental policy decisions in New York, New Jersey, Puerto Rico, the U.S. Virgin Islands, and tribal nations. Ms. Garcia is a former Chief Advocate for Environmental Justice and Indian Nations at New York State Department of Environmental Conservation. She also led the Climate Solutions Lab at GRIST Magazine and worked at the environmental law nonprofit Earthjustice.



WATER QUALITY

DEP is committed to maintaining high quality drinking water. Water quality monitoring in the City exceeds both New York State and U.S. Environmental Protection Agency standards. DEP scientists test drinking water hundreds of times each day, 365 days a year. DEP collects samples from the reservoirs, aqueducts, treatment facilities, and street-side sampling stations throughout the five boroughs to ensure the tap water is safe, clean and healthy. Water is treated with chlorine and ultraviolet light to kill germs and bacteria. The Croton water supply also undergoes filtration at DEP's facility in the Bronx. This process removes particulates and runs water through granular activated carbon and sand filters. DEP also uses food grade additives to create a protective film on pipes that reduce the release of metals from private service lines and household plumbing. Lead testing is available to City residents via the Free Residential Lead Testing Program. To participate, residents can call 311 or go online to request a free kit.



ROLE OF WATER AND WASTEWATER RATES

DEP and the Water Board seek to increase water and wastewater rates in line with increases to the costs they incur in running the City's water and wastewater system. The major categories of costs incurred include personnel expenses, energy and chemical costs, property taxes on landholdings outside of the City, and interest and principal costs on debt issued by the system. In recent years, the rate increases have been in the low single digit percentage range, and there have been several years without any rate increase implemented. DEP and the Water Board's need to seek rate increases also depends on the system's overall revenue picture.

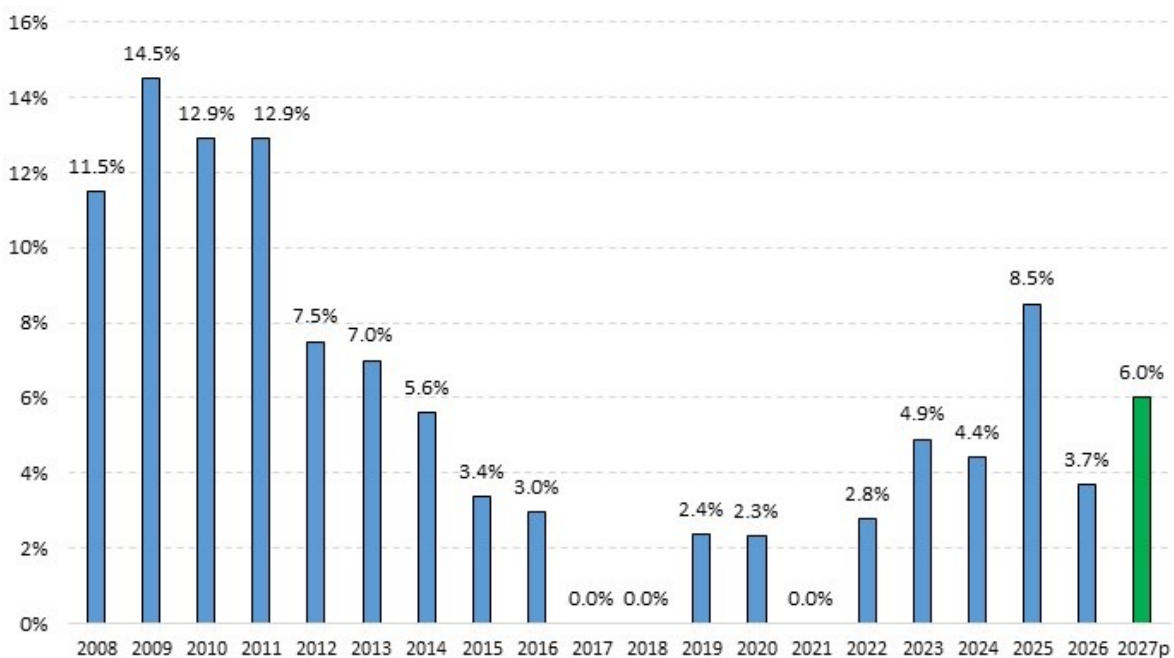
DEP and the Board's budgets tend to increase over time, as the general level of costs increase, and the system's capital budget grows, driven by the upgrading or replacement of aging system infrastructure assets, the need to hire and train new personnel, new technologies, and regulatory requirements, among other factors. DEP is currently implementing its largest-ever capital construction plan, which supports an ambitious combination of state of good repair, new construction, sustainability, and energy efficiency projects.

RATE PROPOSAL - HIGHLIGHTS

(PROPOSED RATES EFFECTIVE 7/1/2026)

- ▶ Careful financial management has placed the system in a strong financial position, allowing it to take a forward-looking approach with a 6.0% proposed rate increase, reduced from the original forecast of a 7.0% increase.
- ▶ Revenues during the Fiscal Year 2026 to-date represent continued strong cash revenue generation, driven by DEP's billing investments, revenue enforcement efforts, and the overall health of the City's economy.
- ▶ Strong financing and cash reserve management helped to partially mitigate higher operating and borrowing costs.
- ▶ The proposed rate change will maintain the system's strong financial condition, while supporting a program of investment and growth.
- ▶ New investments support the agency's long-run vision and approach to asset management.
- ▶ Higher projected capital spending due to the growing size of the agency's capital investment plan.
- ▶ Projected increases to operating and expense items, due to higher costs from vendors and higher personnel compensation costs.

WATER AND SEWER RATE HISTORY (PERCENT CHANGE)



ANNUAL WATER AND WASTEWATER CHARGES	Current FY 2026 rates	Proposed FY 2027 rates	Annual difference	Monthly difference
Single-Family property (70,000 gallons per year)	\$1,224	\$1,297	\$73	\$6
Multi-family Metered per residential unit (52,000 gallons per year)	\$909	\$964	\$55	\$5
Multi-family Conservation Program (Per Residential Unit)	\$1,333	\$1,413	\$80	\$7

CAPITAL IMPROVEMENT PLAN FOR WATER AND WASTEWATER SYSTEM

CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2026 - 2035	DOLLARS IN BILLIONS
Sewers	\$9.0
Water pollution control	\$13.9
Water distribution	\$7.0
Water supply and transmission	\$2.3
Equipment	\$1.2
Total	\$33.5

INVESTMENT HIGHLIGHTS	IMPACT
WATER SUPPLY ▶ \$1B+ upgrade to upstate reservoirs ▶ \$639M Kensico-Eastview tunnel ▶ \$521M City Water Tunnel 3	STRENGTHEN RESILIENCE AND REDUNDANCY ACROSS THE CITY'S DRINKING WATER SYSTEM
WATER POLLUTION CONTROL ▶ \$3.3B Newtown Creek Combined Sewer Overflow Storage Tunnel ▶ \$620M Gowanus Combined Sewer Overflow Retention Facility	PROTECT WATERWAYS, SAFEGUARD PUBLIC HEALTH, AND ENSURE REGULATORY COMPLIANCE
SEWERS AND STORMWATER ▶ \$2B Bluebelts and green infrastructure ▶ \$2B South East Queens sewer build out	SHIELD THE CITY'S HARDEST-HIT NEIGHBORHOODS FROM STORMWATER AND FLOODING RISKS

EXPENSE BUDGET FOR WATER AND WASTEWATER OPERATING AND MAINTENANCE EXPENSES

Category	What We're Funding	Why It Matters	FY 2027 O&M Cost Increase
Safe Drinking Water	Protecting our water supply at the source and enhancing the treatment of drinking water.	Ensures New Yorkers continue to receive some of the cleanest, safest drinking water in the world.	\$20 million
Wastewater and Treatment	Maintaining and operating wastewater facilities to protect the public and environmental health.	Protects waterways, supports public health, and keeps NYC in compliance with environmental laws.	\$40 million
Regulatory and Operational Best Practices	Covering the cost of inflation for chemicals used to treat drinking water and wastewater every day.	Ensures that water supply and wastewater treatment meet the required standard and achieve system soundness.	\$30 million
Stormwater and Flood Management	Planning flood mitigation projects to reduce neighborhood flooding in our changing climate.	Reduces neighborhood flooding and helps unlock new housing in areas with infrastructure constraints.	\$2 million
Technology and Cybersecurity	Bolstering cyber-security and using technology to increase efficiency.	Protects customer data, improves service, and keeps critical water systems secure.	\$6 million

\$31 MILLION OF FISCAL YEAR 2027 CUSTOMER AFFORDABILITY PROGRAMS

Low-income homeowners (HWAP - Home Water Assistance Program)	- Eligible low-income owner-occupied residences are eligible to receive an expanded bill credit this year of up to \$196 and covering an estimated 68,000 recipients. - The bill credit is an increase from the \$159 bill credit that was part of the original Fiscal Year 2026 rate proposal.
Affordable apartments (MWAP: Multi-family Water Assistance Program)	- Eligible affordable rental apartments can receive \$250 per apartment credit per year. - The expansion of up to 75,000 affordable apartment units eligible to receive credits under the MWAP expansion is part of the rate proposal, an increase from the 65,000 units that was part of the original Fiscal Year 2026 rate proposal.
Multi-family rate certainty	- Apartment buildings with meters and water efficiency fixtures can receive a guaranteed full-year per apartment unit rate. - Requires customer to prepay their annual bill at the start of the year.
Leak Forgiveness Program	- Customers experiencing unusual and above-normal levels of water consumption who detect and repair the leak can obtain a 50% reduction to the cost of the leak. - A proposed policy amendment this year would widen the set of customers eligible to apply for a billing adjustment under the leak forgiveness program.

TYPICAL ANNUAL RESIDENTIAL WATER CHARGES

Residential use charges will remain lower than in other large cities

Based on 70k gallons per year

Fiscal Year	New York City	30 Large City Average ¹	NYC vs. Average
2020	\$967	\$1,173	-17.6%
2021	\$967	\$1,216	-20.5%
2022	\$994	\$1,262	-21.2%
2023	\$1,041	\$1,309	-20.5%
2024	\$1,088	\$1,372	-20.7%
2025	\$1,181	\$1,451	-18.6%
2026	\$1,224	\$1,543	-20.7%
2027	\$1,297	-	-

Note 1: based on rates in effect as of February of each calendar year, using rates in effect during each fiscal year to calculate representative charges

PROJECTED SYSTEM REVENUES AND EXPENSES (\$ MILLIONS)

	2026	2027
REVENUES		
Operating Revenues		
Receipts from Customers Located in New York City	\$4,594	\$4,753
Upstate Revenue	99	104
Miscellaneous Revenue	30	32
Other Revenues		
Interest on Funds	59	57
Federal Subsidy on Outstanding Build America Bonds	45	45
Projected Total Revenues	\$4,828	\$4,990
EXPENSES		
Schedule of Forecast Debt Service		
Outstanding First Resolution Bonds	\$8	\$8
Anticipated New First Resolution Bonds	0	0
Outstanding Second Resolution Bonds issued to the Public	1,527	1,594
Anticipated Future Second Resolution Bonds issued to the Public	23	135
Interest Payments on Commercial Paper Notes	0	20
Outstanding Second Resolution Bonds issued to the Environmental Facilities Corp. ("EFC")	477	460
Anticipated Second Resolution Bonds issued to the Public	2	14
Less: EFC Subsidy and Capitalized Interest	(103)	(103)
Forecast Debt Service for Current and Upcoming Year	\$1,933	\$2,127
Offset in Part by Prior Year Revenues for Current Year Debt ⁽¹⁾	(2,042)	(2,272)
Forecast Net Debt Service for Current Year Debt	(109)	(145)
Operating Expenses		
Municipal Water Finance Authority Operations	56	59
Water Board Operations	72	77
Water System Component	839	831
Wastewater System Component	1,178	1,291
Allocated Central and Shared Expenses	10	10
Central Allocations for Legal Expenses and Settlements	46	8
Net Operating Expenses	\$2,200	\$2,276
Plus (Minus) Other Expenses Adjustments:		
Prior Year O&M Adjustments for Over (Under) Spending	(59)	(25)
Incremental Deposits to Water Board O&M Reserve Fund	15	11
Rental Payments for System Assets Request by the City	283	312
PAYGO or Debt Structuring Transactions	225	225
Cash Released from Escrow	0	0
Total Net Debt Service, Operating and Other Expenses	\$2,556	\$2,654
Projected Balance at Year-End for Next Year Debt Service	\$2,272	\$2,336
Ratio of Revenues to First Resolution Debt Service	639.9 x	661.4 x
Ratio of Revenues Net of Authority Operations to Total Net Debt Service ⁽²⁾	n/a	n/a

1. Carryforward revenues are sufficient to pay all debt service in 2026 and 2027.

2. The ratio of revenues net of authority operations to total debt service does not apply for 2026 and 2027 since carryforward revenues exceed debt service.

Newtown Creek
Wastewater Resource
Recovery Facility

NEW YORK CITY
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