

NEW YORK CITY WATER BOARD MEETING

PRELIMINARY AGENDA

Friday, February 27, 2015 - 10:30 A.M.

**Location: 255 Greenwich Street
7th Floor, Room 7W1
New York, New York 10007**

1. Roll Call
2. Resolution: Approval of Minutes of October 21, 2014 Meeting
3. Resolution: Approval of Internal Controls Policy
4. Presentation: Water Supply System – Land Acquisition Program, Natural Gas Impact Assessment Project, and Upstate Demand Management Program
5. Introduction: Nancy Cianflone, Deputy Commissioner of Customer Services
6. Presentation: Financial Update

NEW YORK CITY WATER BOARD

February 27, 2015

RESOLUTION

WHEREAS, the New York City Water Board (the "Board") and the New York City Municipal Water Finance Authority (the "Authority") established a joint Audit Committee in light of their joint role in the financial operations of the water and wastewater system of the City of New York (the "System"); and

WHEREAS, pursuant to the Audit Committee Charter, the Audit Committee shall recommend to the Water Board a policy on internal controls; and

WHEREAS, on February 27, 2015, the Audit Committee reviewed the Board's policy on internal controls and recommends such policy to the Board; it is therefore

RESOLVED, that the Board hereby approves and adopts such policy on internal controls, which is attached hereto as Exhibit 1.

EXHIBIT 1
NEW YORK CITY WATER BOARD
POLICY ON INTERNAL CONTROLS

The New York City Water Board (the “Board”) internal control objectives include, but are not limited to: the safeguarding of assets (including preventing the intentional or unintentional misapplication of funds), ensuring the accuracy and reliability of accounting data and proper documentation of transactions, promoting the effectiveness and efficiency of operations and ensuring compliance with applicable laws and regulations.

Internal controls exist in each area of the Board where financial activities take place, and may be categorized as (A) controls related to funds received, held, invested and disbursed by the Board and (B) other control measures including record keeping activities. These types of controls are discussed in this manual.

The control measures used by the Board are periodically reviewed by the Board’s officers, and amendments are proposed to the Board for adoption as deemed necessary. This manual will be reviewed at least annually and updated if appropriate. While not part of the Board’s system of internal control, the Board is subject to audit annually by independent auditors. Any comments or recommendations pertaining to the Board’s internal controls made by the independent auditors are considered and, if deemed to be cost-beneficial, incorporated into the Board’s internal controls.

In accordance with the New York City Comptroller’s Directive 1, the Board prepares an annual Financial Integrity Statement based upon a current Directive 1 Checklist with respect to management’s assessment of the Board’s internal control environment.

ORGANIZATION

Pursuant to the Board’s By-Laws, the Board has officers who are appointed by resolution of the members of the Board and who are involved in the day-to-day operations of the Board: the Executive Director, the Treasurer, and the Deputy Treasurer. The Board’s internal operations are carried out by these officers and personnel of the New York City Department of Environmental Protection (“DEP”). While all activities of the Board require close coordination and cooperation, there are three functional areas of the Board’s operations, all of which report through the Treasurer to the Executive Director:

1. Treasurer’s Office – Directed by the Treasurer and his or her staff, the Treasurer’s Office is responsible for the finance function, including working with all parties on rate setting, budgeting and collections, and directing the investment of the Board’s funds. If the Treasurer’s position is vacant the responsibilities will be assumed by the Executive Director.
2. Deputy Treasurer’s Office – Directed by the Deputy Treasurer and his or her staff, the Deputy Treasurer’s Office is responsible for all legal affairs of the

Board, including providing staff support for the operations of the Board and committees of the Board, drafting and interpreting all contracts, agreements, and legal documents, and disseminating Board-approved policies to staff. If the Deputy Treasurer's position is vacant the responsibilities will be assumed by the Treasurer or Executive Director.

3. Fiscal Unit – Directed by the Board's Chief of Financial Operations, the Fiscal Unit is responsible for maintaining accounting books and records for the preparation of financial reports, on-going monitoring of the Board's resources, and accounts payable. If the Chief of Financial Operations position is vacant, these responsibilities will be assumed by the Treasurer or Deputy Treasurer.

Relationship of the Board's Operations to those of Other Entities

The New York City Municipal Water Finance Authority (the "Authority") issues bonds to pay for capital improvements to the system in accordance with an agreement among the Board, the Authority, and the City of New York (the "City") dated July 1, 1985 (as amended, the "Financing Agreement"). DEP operates and maintains the water and sewer system (the "System") and manages customer billing and collections. Internal controls over the operation of the System, customer account management, bond issuance, and other operations of the Authority and DEP are outside of the scope of responsibility of the Board and are not included in this manual.

RECEIPT OF REVENUE AND DAILY ALLOCATION OF FUNDS

Customer Payments

On a daily basis, customers remit payments directly to the Board's accounts, and DEP collects payments and deposits them in the Board's accounts. The Board records receipts from all customer payment venues and aggregates all revenues collected for deposit in the Local Water Fund. The Fiscal Unit updates the daily receipt report, which includes all customer payments.

Miscellaneous Receipts and Upstate Payments

The Board also receives some payments directly. An associate with no accounting responsibilities opens all mail and distributes it to the appropriate person. If a check for a regular customer payment is received, the check is given to DEP's remittance unit to be handled as a customer payment as noted above. If a check for a miscellaneous payment or an upstate customer payment is received, the check is given to a staff analyst with no accounting responsibilities for deposit into the Local Water Fund. The staff analyst notifies the Fiscal Unit of deposits, and the Fiscal Unit updates the daily receipt report, which includes all miscellaneous receipts and upstate payments received by the Board.

Interest Income

All interest income is posted to the individual bank accounts and reported on the monthly bank statements by the financial institutions. The bank account statements are reviewed

by the Board's staff. Additionally, all activity in Operations and Maintenance Reserve Fund is reviewed and recorded through a monthly log and quarterly reports prepared by the Treasurer. Interest earnings on the Operations and Maintenance Reserve Fund accumulate in the account and are used to offset the required annual deposit.

Allocation of Funds

Prior to the start of the fiscal year, the Authority certifies its requirements for debt service and operating expenses, the City certifies its requirements for operation and maintenance and System rental, and the Board certifies its operating expenses. These amounts are incorporated in the Board's annual budget. On a daily basis, the Board transfers all funds available in the Local Water Fund pursuant to its budget based on the priorities established in the Financing Agreement.

The Fiscal Unit prepares a daily allocation report, which reflects the disposition of funds from the Local Water Fund. Likewise, the Board emails a daily report detailing the amount of money to be transferred by wire transfer from the Local Water Fund to the parties receiving such funds. A monthly allocation report is also prepared by the Fiscal Unit.

Funds Transfers

The Treasurer and Deputy Treasurer have established pre-determined wiring instructions that are utilized for the required daily transfers and other repetitive transfers of funds or payments. All other wire or automated clearing house ("ACH") transfers must be dually authorized by the Treasurer and Deputy Treasurer.

DISBURSEMENTS

Vendor Payments

All invoices are initially approved by the Board's staff person or DEP project manager with the most direct knowledge of and/or responsibility for the goods or services for which payment is to be made. Following such approval, the Fiscal Unit confirms the mathematical accuracy of all invoices, reviews the order and receiving report for goods purchased or the applicable contract for the pricing of services provided, and verifies that no sales tax has been included in the invoice. After this review is satisfactorily completed, the invoice is preliminarily approved by the Fiscal Unit.

The approved invoice is entered by the Fiscal Unit into the accounts payable module of the Board's electronic money management system, and the data entry is reviewed for accuracy of posting codes, amounts, vendor name, and other relevant information. After the invoices are reviewed and posted, the Fiscal Unit uses pre-numbered checks or the online banking system of the Board's Expense Fund to prepare payment.

1. Check Payments

All checks are kept in a locked file cabinet under the control of the Chief of Financial Operations. To confirm that there is no break in the sequential order of checks, each time a batch of check payments is generated, the check register is printed to show the number of the last check that had been printed. The check register is included in the package containing the checks for review and approval.

2. Electronic Wire or ACH Payments

If electronic payments are utilized, the Fiscal Unit prepares a voucher for each proposed payment and enters the wiring instructions in the online banking program of the Board's Expense Fund.

For each proposed payment, a payment authorization form and a check or electronic payment voucher is prepared for review and approval. The Fiscal Unit preparer notes the payment date and the check number or electronic payment number on the original invoice and signs and dates a copy of the payment authorization form. This copy, along with all backup information, is submitted to the Chief of Financial Operations and the Executive Director for review and approval. Once approved, two Board officers must sign the check and/or authorize the electronic release of funds. Once signed, the checks are placed in a windowed envelope and mailed via the mailroom operations of DEP; or once authorized, the electronic payment is released according to the Funds Transfers section above. The check stub or a copy of the wire and all supporting documentation is retained in the Board's files.

All vendors must complete and sign an Internal Revenue Service ("IRS") Form W-9 (or its equivalent) and send it to the Board's Fiscal Unit before payment can be made to the vendor. This information is used to determine if a 1099 must be issued to the vendor for payments from the Board.

Payroll

Pursuant to Section 1045 of New York State Public Authorities Law, Board members receive a per diem payment in the amount of \$150, which is capped at a fiscal year maximum payment of five thousand dollars. Pursuant to IRS ruling, this statutory per diem is considered to be an employee payment. Accordingly, Board members must submit IRS forms W-4 and I-9 to the Fiscal Unit, which prepares the per diem payments. Board meetings are generally held on a monthly basis, and committee meetings and public hearings are held as needed. Subsequent to each meeting or hearing, the Fiscal Unit verifies the Board member attendees and prepares per diem payments for those members. The per diem payments are reviewed for accuracy, approved and authorized according to the payment process noted above for vendor payments. Once checks have been signed, the Fiscal Unit mails payroll checks to the Board members. For each payroll, the Fiscal Unit also calculates federal wage withholding amounts, which are approved according to the process for vendor payments above and electronically remitted to the IRS. Every payroll period, the Fiscal Unit generates a payroll report, which summarizes that period's per diem and withholding payments.

Annual IRS Filings: Preparation and Issuance

Annually, the Fiscal Unit compiles a schedule showing all payments from January 1 to December 31 of each year and prepares IRS W-2 forms for the Board members and IRS 1099 forms for the vendors. The IRS W-3 and 1096 forms are used as transmittal documents when reporting W-2 and 1099 information, respectively, to the IRS. Although there are several types of 1099 forms, the Board uses only the 1099-MISC to report gross amounts paid for services performed. The IRS W-2, W-3, 1099, and 1096 forms are checked by the Fiscal Unit for accuracy before being submitted to a Board officer (generally the Treasurer) for his or her review and signature. All W-2 and 1099 forms are mailed out on or prior to January 31, and all W-3 and 1096 forms are mailed out on or prior to February 28.

INVESTMENTS

The universe of allowable investments for the Board is defined in the Board's *Investment Guidelines*, which were adopted by the Board. All investments are to be made within the constraints imposed by the *Investment Guidelines*. As authorized by the Board's *Investment Guidelines*, the New York City Comptroller invests funds on behalf of the Board, and such investment is based upon instructions received from the Treasurer or his or her designee by email. Each email regarding the purchase, sale or rollover of investments notes how the funds are to be invested, including the investment vehicle and the required maturity date of the investments.

FINANCIAL REPORTING

Daily Reports

Daily reports are prepared by the Fiscal Unit to record all transactions, other than vendor payments. Additionally, each day, the Fiscal Unit reconciles the bank account statements and verifies that all transactions reported were made. Any discrepancies are immediately investigated and resolved with the bank. Activity in each account is summarized by Fiscal Unit, and the summaries are used to prepare monthly reports, which are reviewed by the Treasurer for accuracy.

Checking Account Reconciliation

The Board's money management system is reconciled each month to the account statement provided by the bank. Reconciliations are generally completed within 30 days of month end. Differences, if any, are promptly investigated and resolved.

All checks outstanding for 6 months are cancelled through the bank and in the money management system. After such cancellation, staff attempt to contact the vendor to determine if the Board has the correct address and/or the reason for non-deposit of the check by the vendor in order to re-issue the check. Until there is a resolution as to the

reissuance, only the check is cancelled with the outstanding liability remaining on the Board's books.

Fiscal Year End Closing and Financial Reporting

At year end, the Fiscal Unit prepares all closing schedules and analyses needed for adjusting entries, financial reporting, and auditor review. Where required due to technical complexity, selected schedules and analyses are prepared by the Treasurer.

OTHER CONTROL MEASURES

Bank Accounts

New accounts must be authorized by at least two of the Board's officers. All unneeded bank accounts are closed immediately by a letter to the bank, signed by the Treasurer or his or her designee. The information on the opening and closing of all bank accounts is retained in the Board's files.

Board Staff Payroll

The Board staff is comprised of employees of DEP. The human resource management functions, including payroll responsibilities (processing and timekeeping) for employees of DEP are performed by DEP's Bureau of Human Resources. The City's Office of Payroll Administration ("OPA") processes the payroll, prepares, and files all required payroll returns, including W-2 forms, and makes all payments for the Board's staff from the City's general fund. Thus, controls over these areas of operations are maintained by DEP and OPA in accordance with City policies.

Computer Equipment and System Usage

The computer systems management, security, business continuity planning and related functions for the Board are carried out by DEP's Office of Information Technology. Thus, controls over these areas are maintained by DEP in accordance with City policies.

Inventory

The Board does not own any capital assets or equipment. All equipment is owned, maintained, and monitored by DEP. The Board's personnel are required to familiarize themselves with and follow the current policies and guidelines of DEP.

Procurement

The Board has adopted a *Policy on the Procurement of Goods and Services*. The Board's personnel are required to familiarize themselves with this policy. Any procurement policy changes adopted by the Board will be disseminated to staff by the Deputy Treasurer.

Travel and Business Expense Reimbursement

The Board has adopted a *Policy on Travel Allowance* and a *Policy on Reimbursements to Members, Officers and Administrative Staff Persons for Out-of-Pocket Expenses*. Board personnel are required to familiarize themselves with these policies. All internal control measures detailed above under Disbursements – Vendor Payments are followed in the issuance of a reimbursement check to an employee. Any reimbursement policy changes adopted by the Board will be disseminated to staff by the Deputy Treasurer.

Disposition of Personal and Real Property

The Board has adopted a *Policy on the Disposition of Personal Property* and a *Policy on the Acquisition and Disposition of Real Property*. Board personnel are required to familiarize themselves with these policies. Any property policy changes adopted by the Board will be disseminated to staff by the Deputy Treasurer.

Record Retention

All documents supporting the Board's transactions and information on the opening and closing balances of all bank accounts are maintained and available for audit by various entities (i.e., independent auditors, State and City auditors, and the IRS). The supporting documentation may be maintained in either paper or electronic form.

Records pertaining to contracts and all procurements are maintained by the Board's contracting officer or the Deputy Treasurer.



Update for the NYC Water Board on the Land Acquisition Program, Natural Gas Impact Assessment Project, and Upstate Demand Management

David S. Warne

Assistant Commissioner

February 27, 2015

Water Supply System Overview

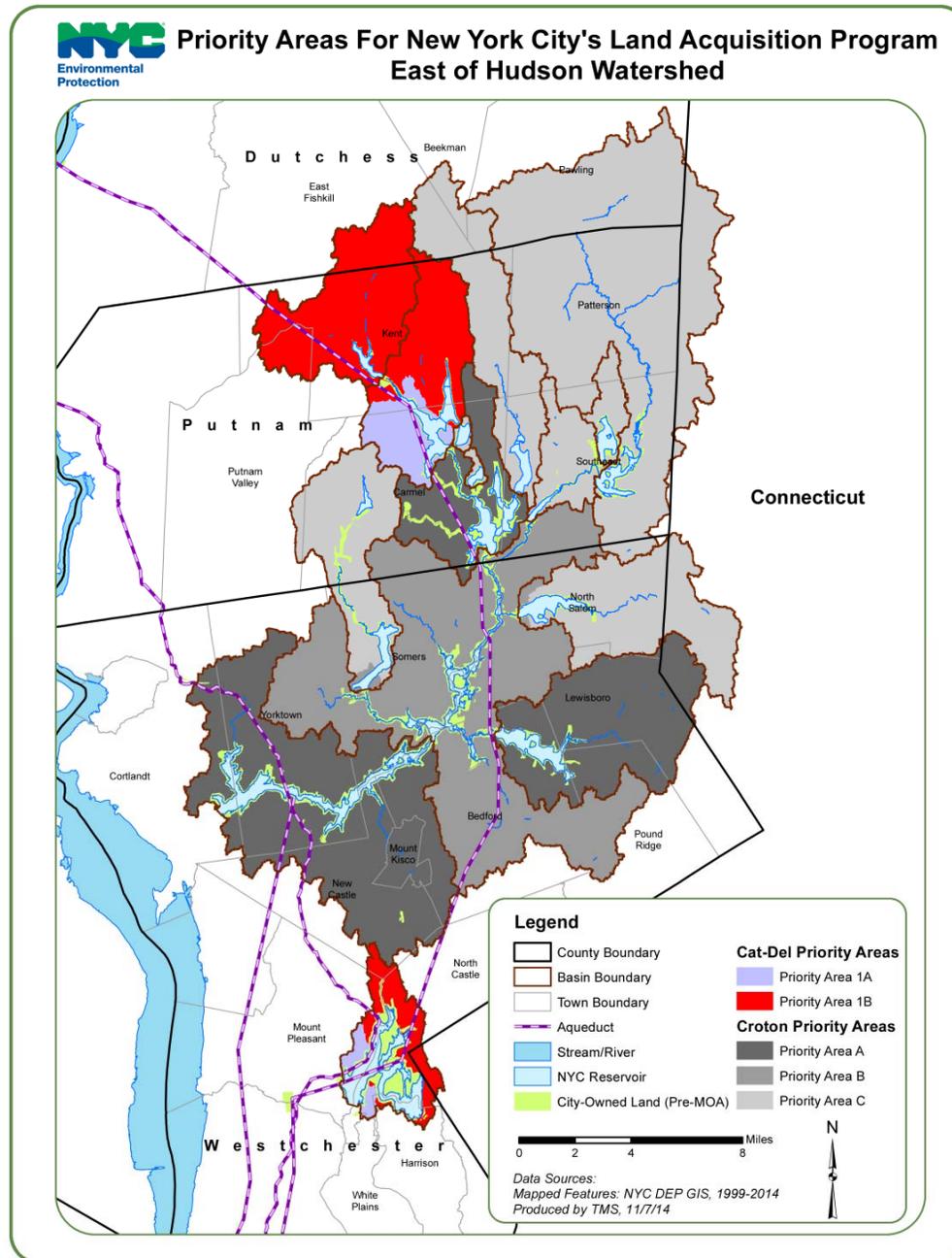


- Primarily a surface water supply
- 19 reservoirs and 3 controlled lakes
- System Capacity: 580 billion gallons
- Serves 9.4 million people (1/2 of population of NYS)
- Delivers approx. 1.1 billion gallons per day
- Source of water is a 2,000 square mile watershed in parts of 8 upstate counties
- 78% forest cover west of Hudson

Land Acquisition Program

- Goal is to protect water quality by limiting future development
- Land divided into “priority areas”
- Willing seller/willing buyer only – fee, easement or farm easement
- NYC pays fair market value, based on appraisal, and annual property taxes
- NYC manages fee lands and allows recreational uses where consistent with water quality protection and public safety
- More than 134,000 acres purchased to date
 - Catskill/Delaware system 37.5% protected

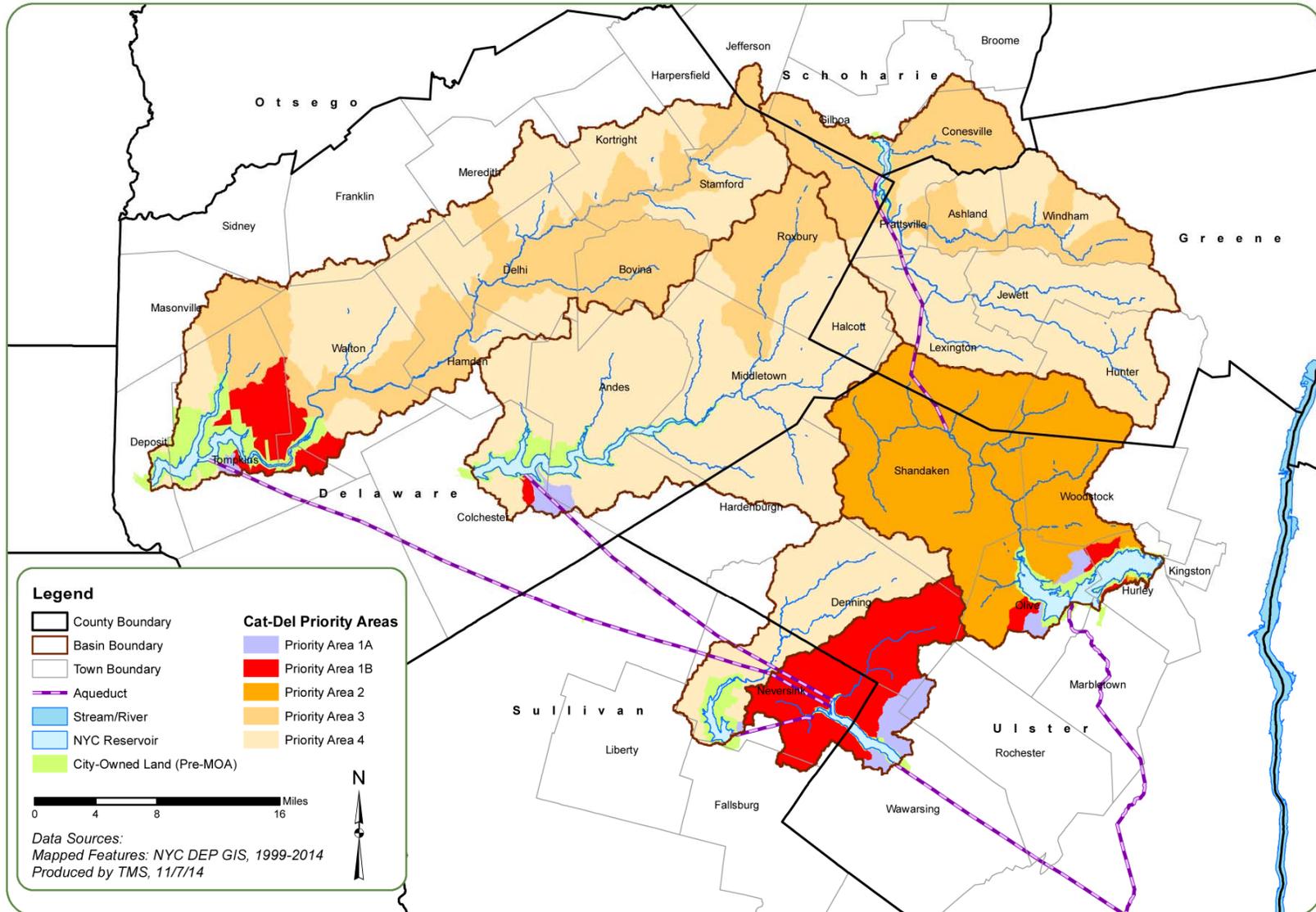
East of Hudson Priority Areas



West of Hudson Priority Areas



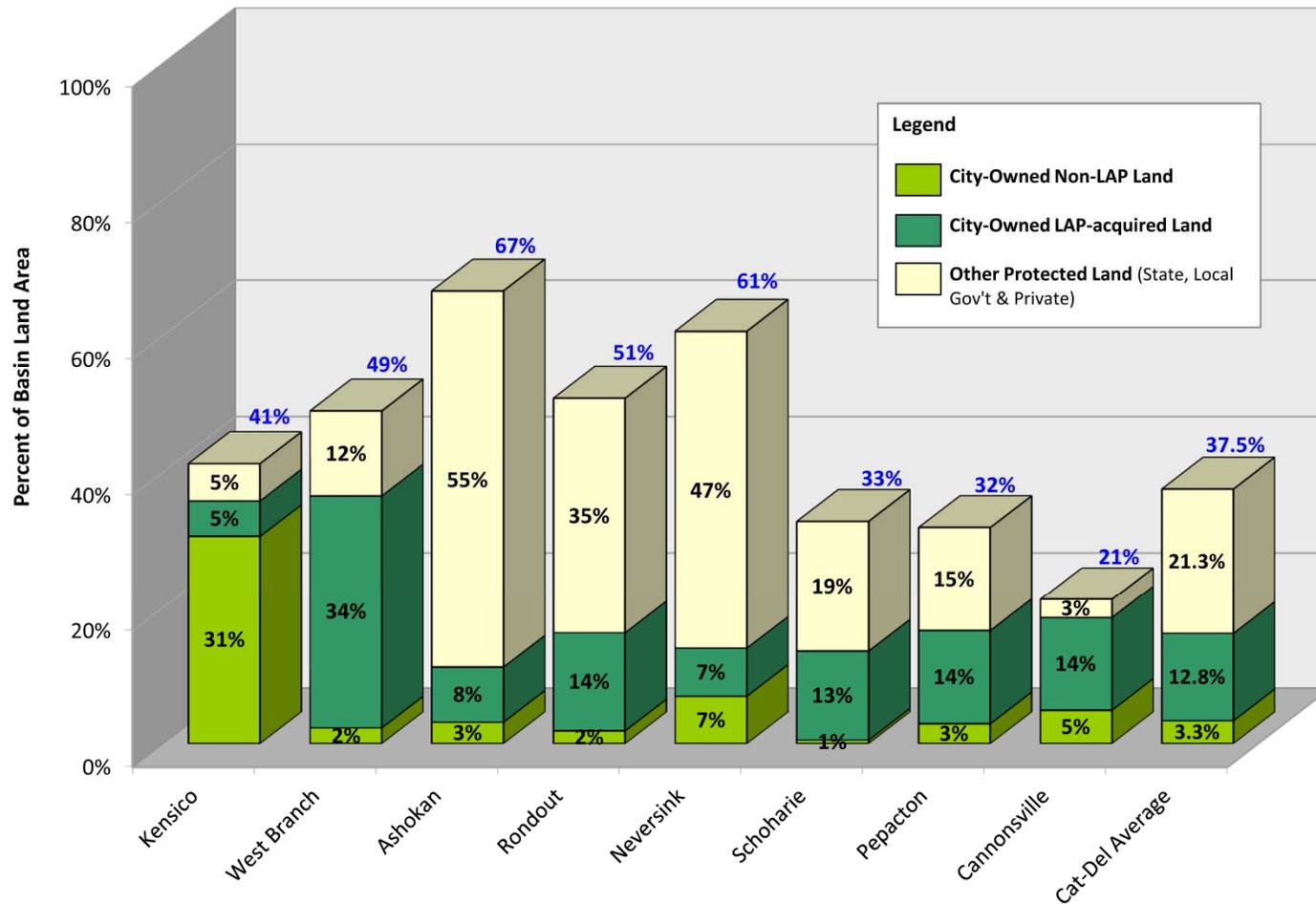
Priority Areas For New York City's Land Acquisition Program West of Hudson Watershed



Protected Lands By Basin



Protected Lands by Reservoir Basin, as a Percentage of Basin Land Area
Catskill-Delaware Watershed



Note: Percentages may not add to 100% due to rounding

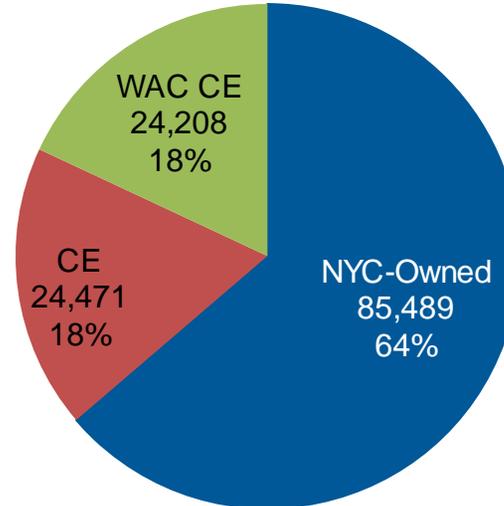
as of February 5, 2015

Catskill/Delaware Land Acquisition Summary



Real Estate Type	Number of Parcels	Number of Acres	Average Acres per Parcel	Purchase Price	Average Price per Acre
NYC-Owned Land Acquired in Fee Simple (NYC-Owned)	1,273	85,489	67	\$330,746,000	\$3,869
NYC Conservation Easements on Private Land (CE)	164	24,471	149	\$68,970,000	\$2,818
Watershed Agricultural Council Conservation Easements on Private Land (WAC CE)	132	24,208	183	\$34,298,000	\$1,417
Grand Total	1,569	134,168	86	\$434,014,000	\$3,235

Real Estate Acreage by Type



Information as of February 17, 2015

NYC-Owned Land Acquired in Fee Simple (NYC-Owned) – These lands are acquired outright from private owners, and the City is obligated by the Watershed MOA to grant conservation easement on these properties to the New York State Department of Environmental Conservation (NYSDEC)

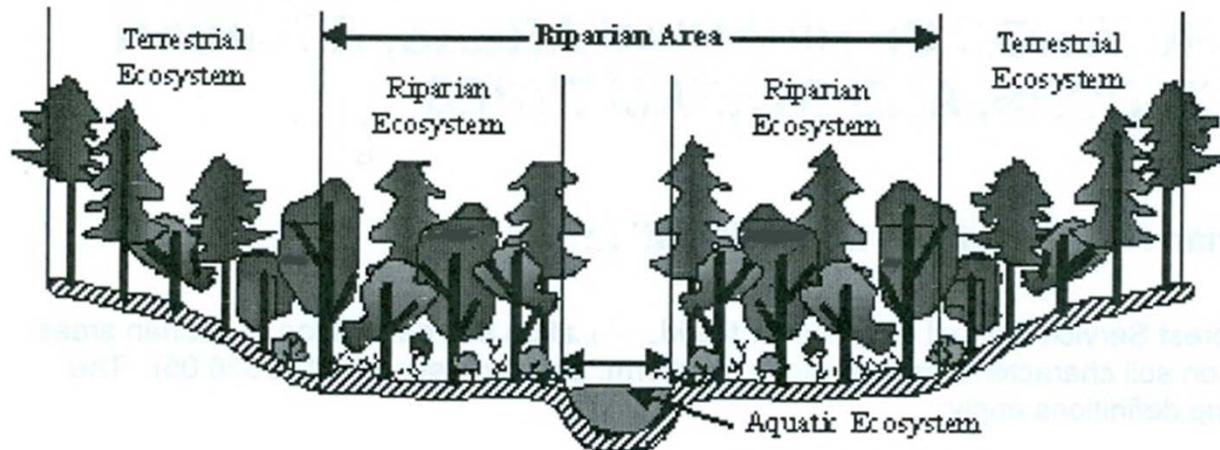
NYC Conservation Easements on Private Land (CE) – These are conservation easements acquired by the City over privately-owned property

Watershed Agricultural Council Conservation Easements on Private Land (WAC CE) - These are conservation easements acquired by the Watershed Agricultural Council over privately-owned agricultural property. The City holds third-party enforcement rights

Note: These figures are for the Catskill and Delaware Systems only; the figures shown to the Board in September 2014 also included the Croton System

Land Acquisition Program – Next Steps

- Solicitation strategy is evolving to account for progress to date
- New Riparian Buffer Program to begin in 2015
- Flood Buyout Program rollout underway
 - Providing \$15 million to homes in flood prone areas



Natural Gas Impact Assessment Project

- In January 2009, NYC Water Board hired Hazen and Sawyer/Leggette, Brashears and Graham (Joint Venture) to conduct an assessment of potential impacts to the NYC watershed from natural gas drilling
- The assessment focused on potential impacts to water quality, water quantity, and water supply infrastructure
- DEP added Hager-Richter Geosciences to the JV team in October 2011 to further evaluate the risks to DEP's tunnels
- Three technical reports are available on the NYCDEP website (www.nyc.gov/dep/) on the natural gas page

Natural Gas Drilling in Marcellus Shale



Hydraulic fracturing – or "hydrofracking" – poses many risks to the environment, particularly to unfiltered water supplies. The process involves injecting high volumes of water, sand and chemicals into the ground to release natural gas found in the Marcellus Shale. The intense industrialization associated with the process could

Email a Friend

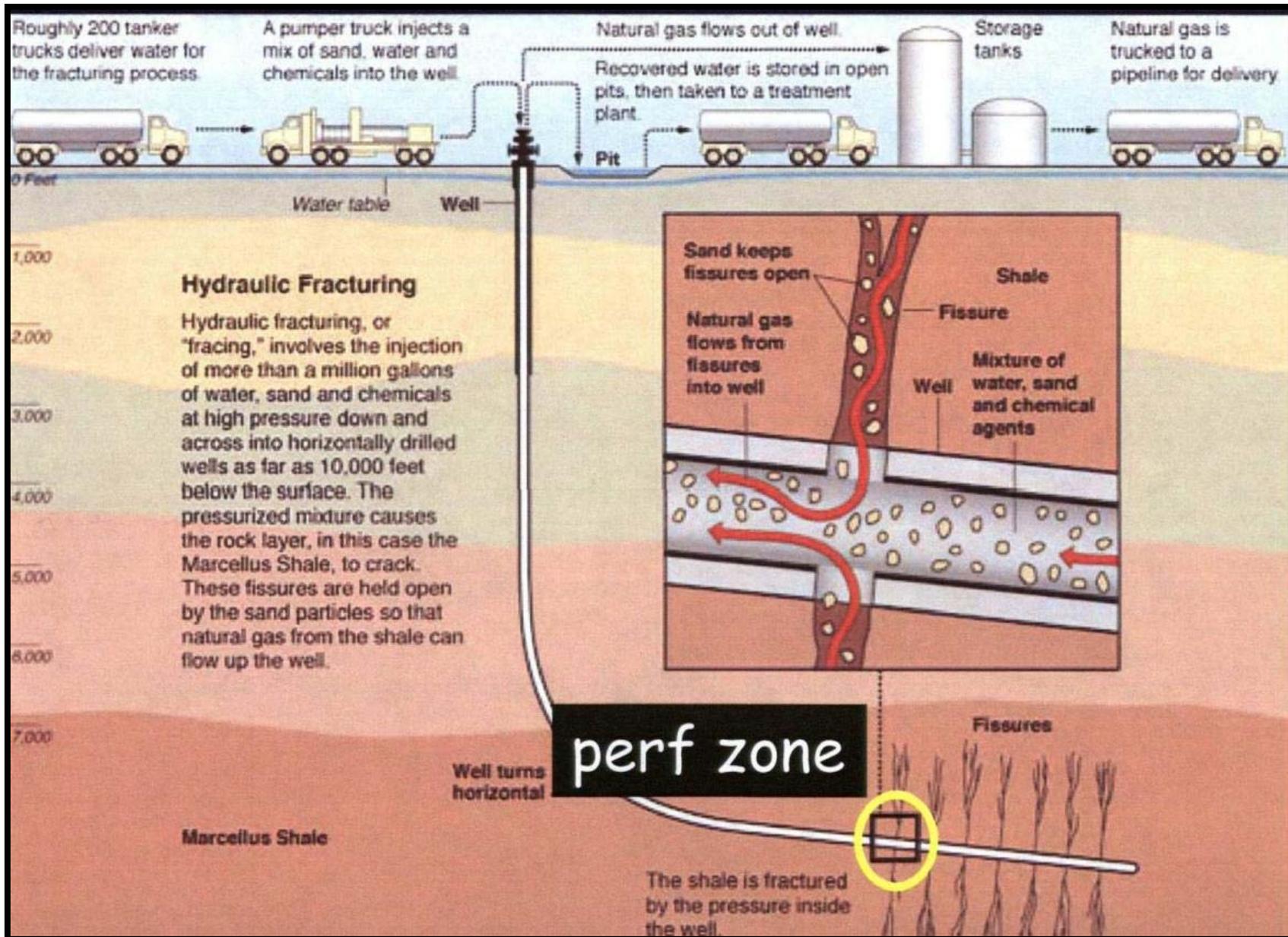
Get Involved

Stay Informed

Natural Gas Drilling

- Home
- Overview
- DEP's Position
- Environmental Impact Statement (SGEIS)
- Pictures and Maps
- Resources and Links
- News

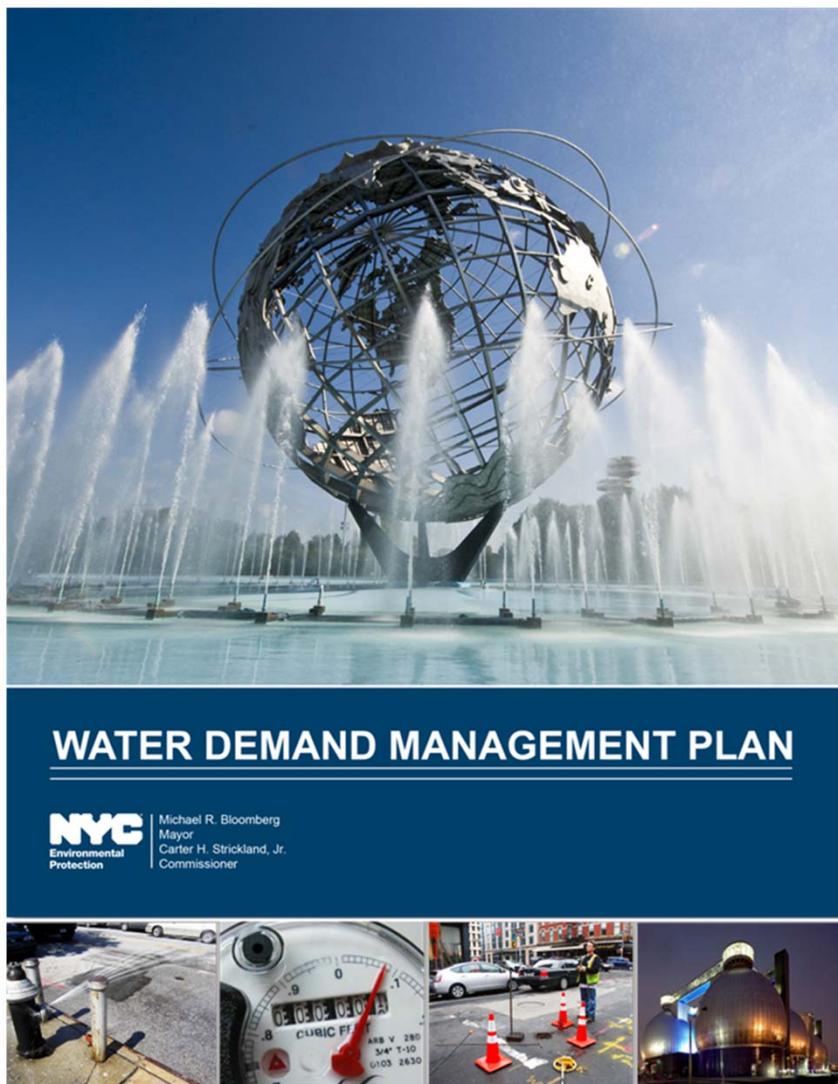
Hydraulic Fracturing Process



- In December 2014, New York State Department of Health (SDOH) announced the results of a review of the potential health impacts of High-Volume Hydraulic Fracturing (HVHF)
- SDOH concluded that there were valid concerns about health impacts of fracking and a lack of conclusive studies on key potential impacts
- Based on SDOH's review, New York State Department of Environmental Conservation will conclude the environmental review process and prohibit HVHF in New York State
- These developments effectively eliminate any chance that HVHF using current technology will proceed in New York State in the foreseeable future
- The State's actions are likely to be the subject of litigation

Water Demand Management Program

System-wide, DEP has a 5% goal for reductions in current water demand so that the System will have sufficient capacity when the Delaware Aqueduct is shut down for repairs in 2021



Retrofit and replace water fixtures at schools, parks, WWTPs, NYCHA, FDNY, and colleges



Replace 800,000 fixtures in residential buildings



Create voluntary conservation programs in non-residential sectors and provide cost sharing



Continue leak detection, pressure management, and metering



Adopt Water Shortage Rules and emergency rates

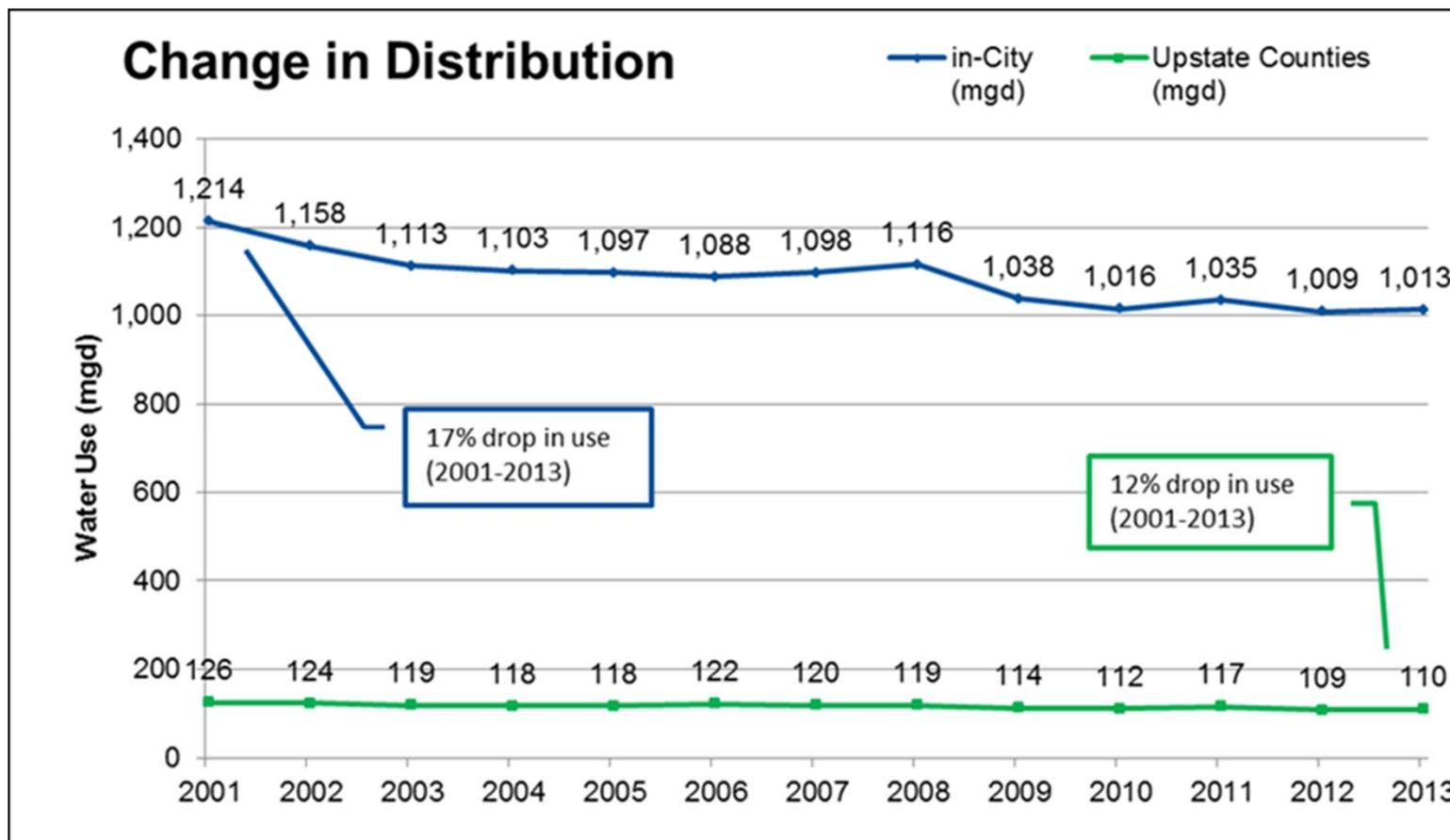


Develop demand management plans for upstate wholesale customers

Wholesale Water Demand

In FY 2013, the upstate customers:

- Consumed an average of 110 million gallons per day
- Accounted for 10% of total system consumption



Demand Management Goal:

- 5% reduction in consumption, or ~5 MGD by FY 2019 from FY 2013 baseline

Program Overview:

- Phase 1 - Planning Assistance: Water Board and DEP are providing demand management consultant planning services to the ten largest upstate customers to develop demand management plans
 - So far, five customers have signed Agreements with the Water Board for consulting services: Town of New Windsor, Westchester Joint Water Works (WJWW), Village of Scarsdale, City of Mt. Vernon, and Town of Greenburgh
 - Two of these customers have submitted draft demand management plans: Town of New Windsor and WJWW
 - Discussions are underway with five additional customers
- Phase 2 - Implementation Assistance: Demand management measures identified in the plans are eligible for implementation cost sharing. Potential measures include leak detection and retrofits

Thank You!



Photo: Doug Freese



Water Board Update

February 27, 2015

Revenue Collections - FY 2015



- FY 2015 collections are currently \$68 million or 2.7% ahead of plan

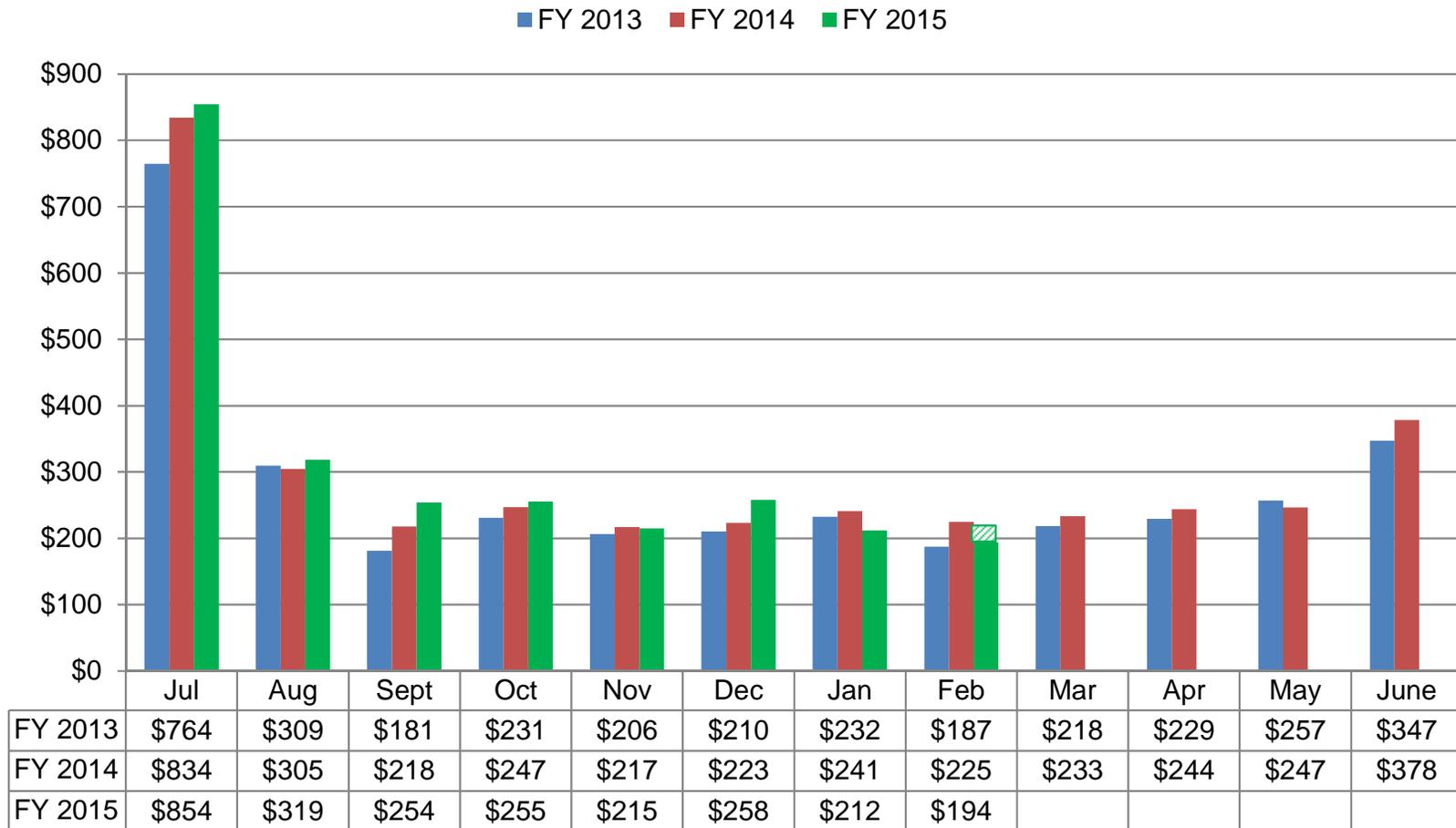
Revenue Collections vs. Plan (\$M)

	FY 2015 Collections	Prorated FY 2015 Plan	Difference in Amount	Percentage Difference
July	\$854	\$850	\$5	0.6%
August	\$319	\$311	\$8	2.5%
September	\$254	\$228	\$26	11.6%
October	\$255	\$249	\$7	2.7%
November	\$215	\$206	\$9	4.6%
December	\$258	\$227	\$30	13.3%
January	\$212	\$236	-\$24	-10.2%
February (17 collection days)	\$194	\$188	\$6	3.2%
Total	\$2,562	\$2,495	\$67	2.7%

	FY 2015 Plan through February	Amount Uncollected (YTD)	February Plan	Amount Uncollected (February)	Percentage Uncollected (February)	Per Day Collections to Make Plan
Total	\$2,517	\$0	\$210	\$16	8%	\$8

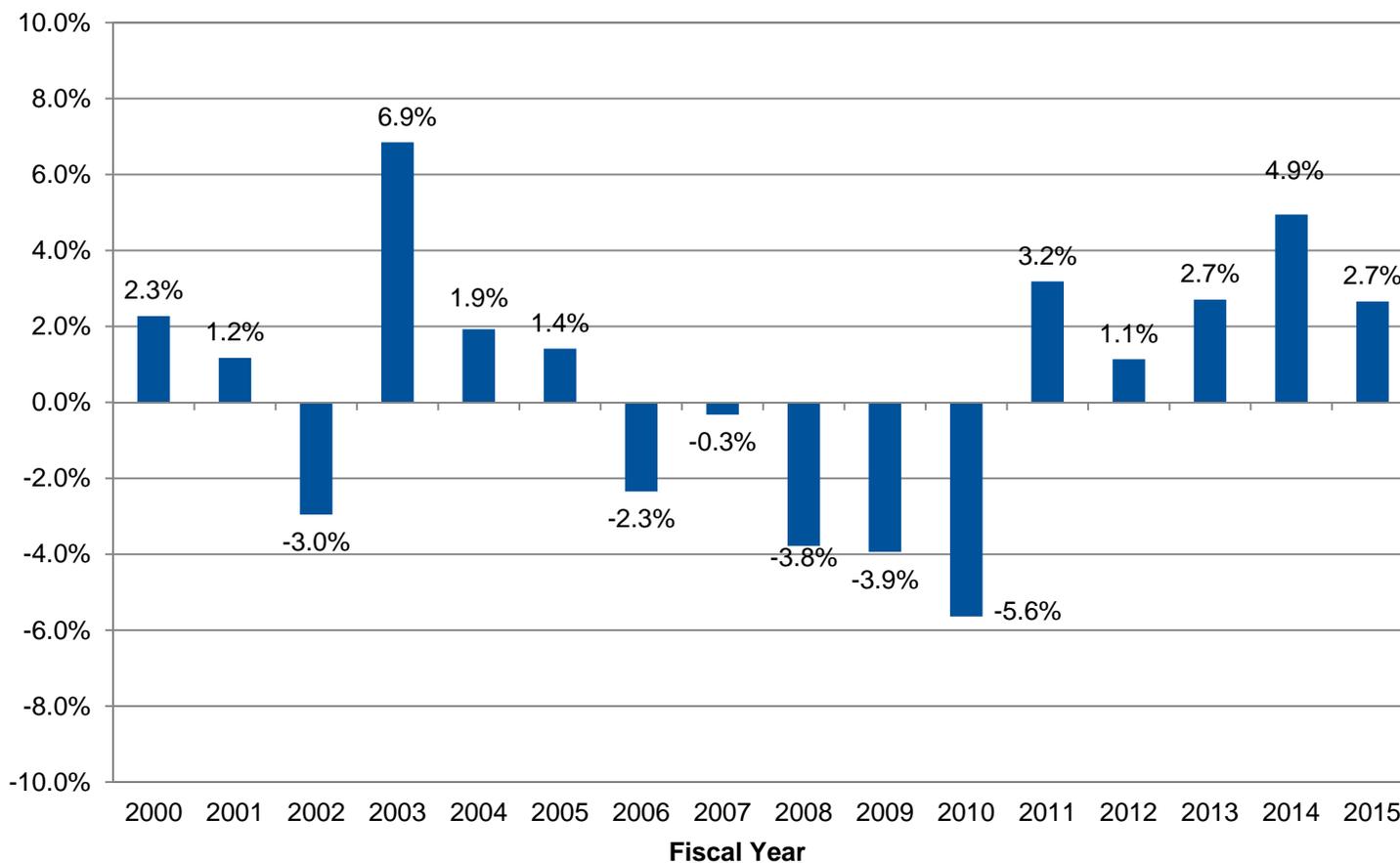
Revenue Collections

Monthly Revenue Collection – Year-Over-Year Comparison (\$M)



Year-to-date Revenue – Historical Comparison

- Through January, year-to-date revenues were 2.7% ahead of plan



In-City Distribution

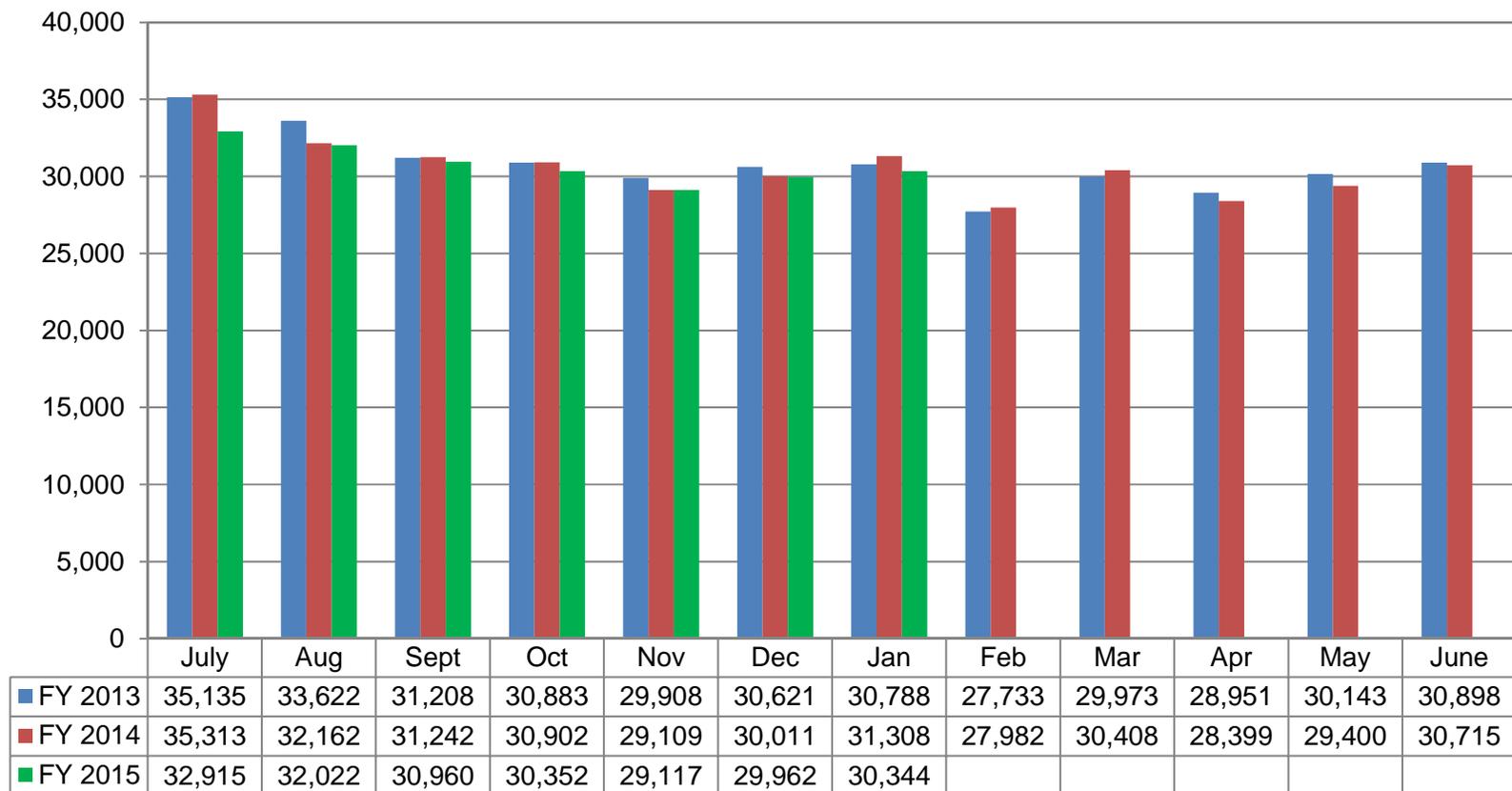
Millions of Gallons of Water Distributed

Month	FY 2013	FY 2014	FY 2015	Year over Year Change (most recent)	% Change
July	35,135	35,313	32,915	-2,398	-6.8%
August	33,622	32,162	32,022	-140	-0.4%
September	31,208	31,242	30,960	-282	-0.9%
October	30,883	30,902	30,352	-550	-1.8%
November	29,908	29,109	29,117	8	0.0%
December	30,621	30,011	29,962	-49	-0.2%
January	30,788	31,308	30,344	-964	-3.1%
February	27,733	27,982			
March	29,973	30,408			
April	28,951	28,399			
May	30,143	29,400			
June	30,898	30,715			
July - January Total	222,165	220,047	215,672	-4,375	-2.0%

In-City Distribution

- In the first seven months of FY 2015, DEP distributed 2.0% less water than during the same period in FY 2014 and 2.9% less water than in FY 2013

Millions of Gallons of Water Distributed – Year-Over-Year Comparison



Change in Metered Consumption

“Same-Customer Sales”– Year-Over-Year Average Daily Flow Comparison (MG)*

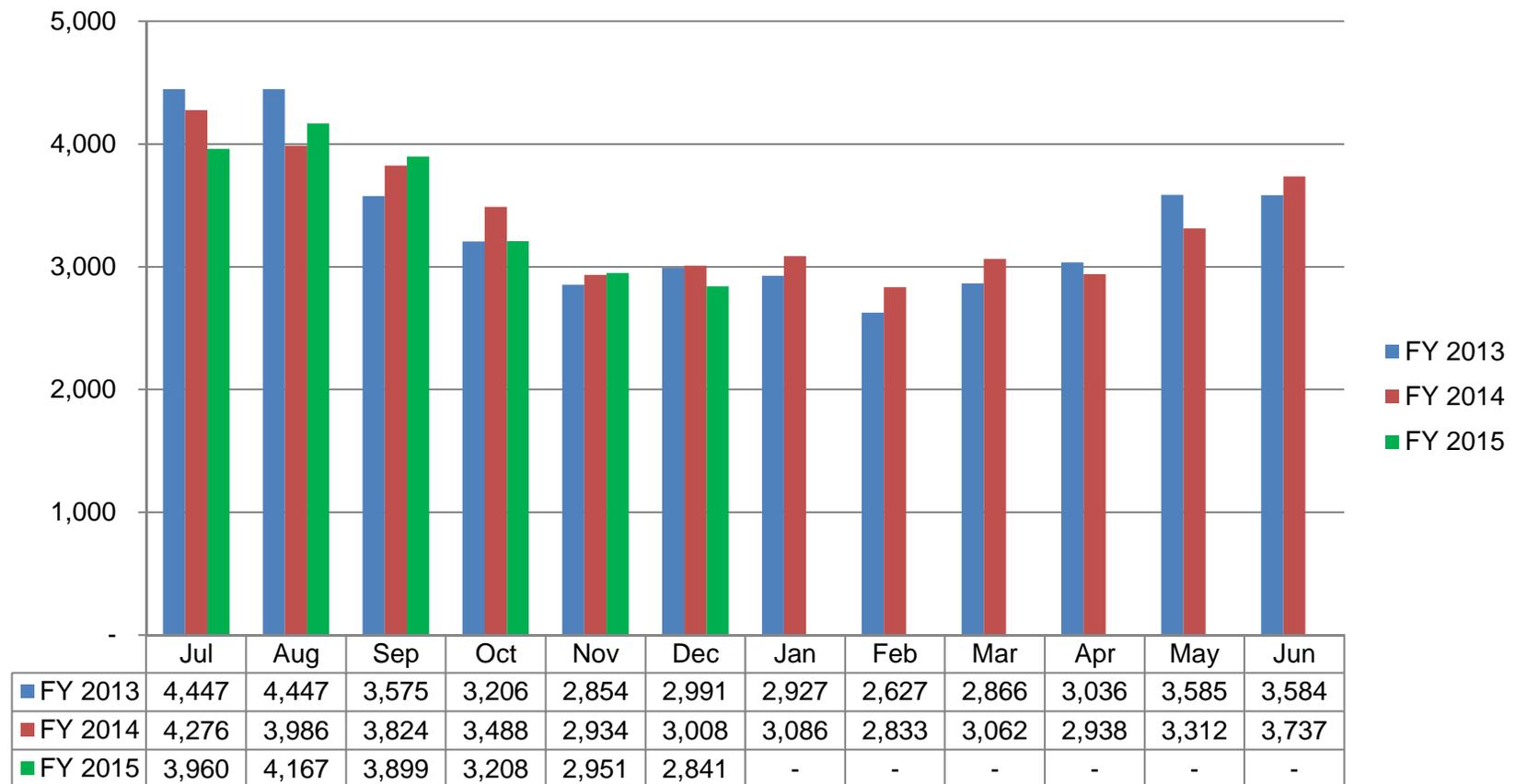
Billed Month	FY 2014	FY 2015	Year-over-Year Change	% Change	# of Accounts
July	159.2	163.3	4.1	2.6%	220,574
August	183.1	180.7	-2.4	-1.3%	258,750
September	192.8	190.4	-2.3	-1.2%	266,782
October	189.7	186.6	-3.1	-1.6%	262,742
November	176.6	176.0	-0.6	-0.3%	261,565
December	182.2	181.5	-0.7	-0.4%	268,904
January	182.6	179.8	-2.8	-1.6%	264,797
February					
March					
April					
May					
June					
July-January ADF	182.3	179.8	-2.4	-1.3%	257,731

* Compares average daily flow in million gallons for customers billed on actual readings in the same month of both years
Data as of February 1, 2015

Upstate Distribution

- North of the City, in the first six months of FY 2015, DEP distributed 2.3% less water than during the same period in FY 2014 and FY 2013

Millions of Gallons of Water Distributed – Year-to-Date Consumption

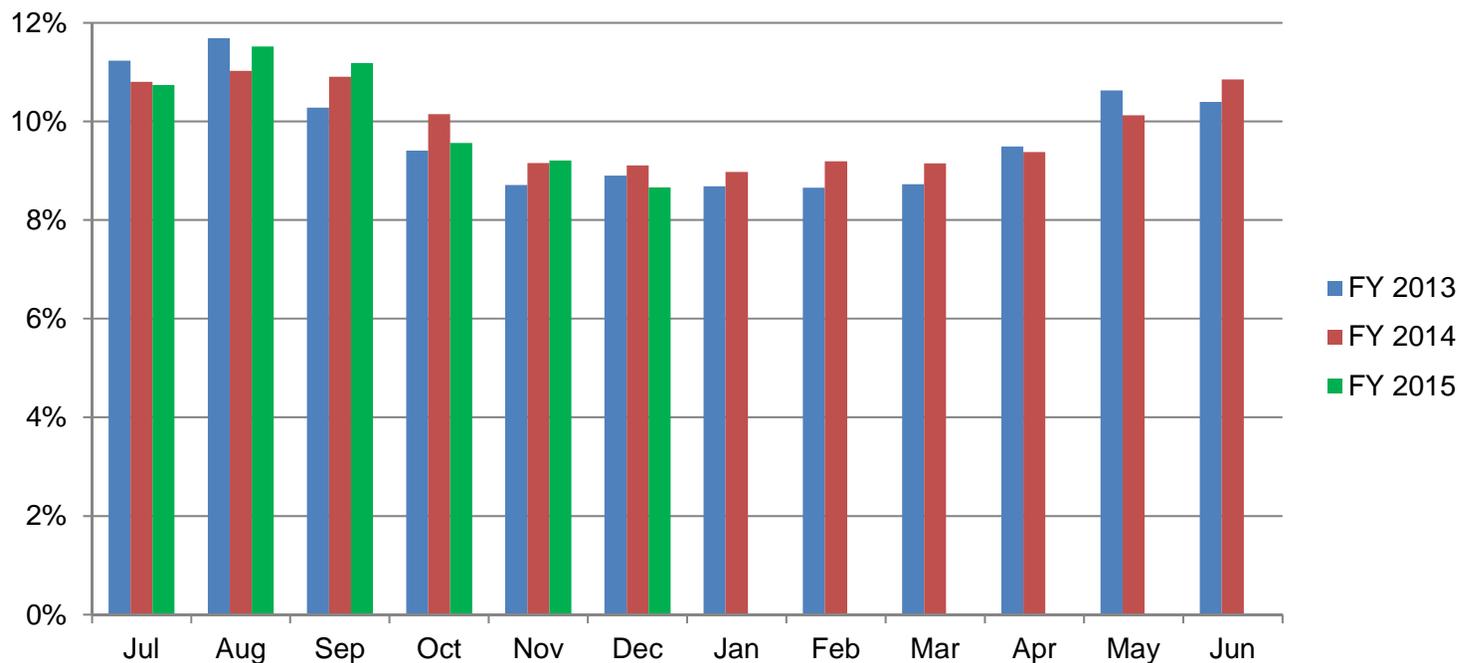


Data as of December 31, 2014. Upstate consumption is calculated and billed monthly, approximately one month later

Upstate Distribution

- Upstate water consumption has averaged 10% of total System demand in the first six months of FY 2015; this is comparable to upstate's relative share of distribution for the past two years
- Upstate's relative share of distribution is greater in months with higher irrigation demand
- To date, five of the ten largest upstate customers have signed agreements with the Water Board and are working with WaterDM and DEP as part of the demand management program

Upstate Demand as a Percentage of Total System Distribution

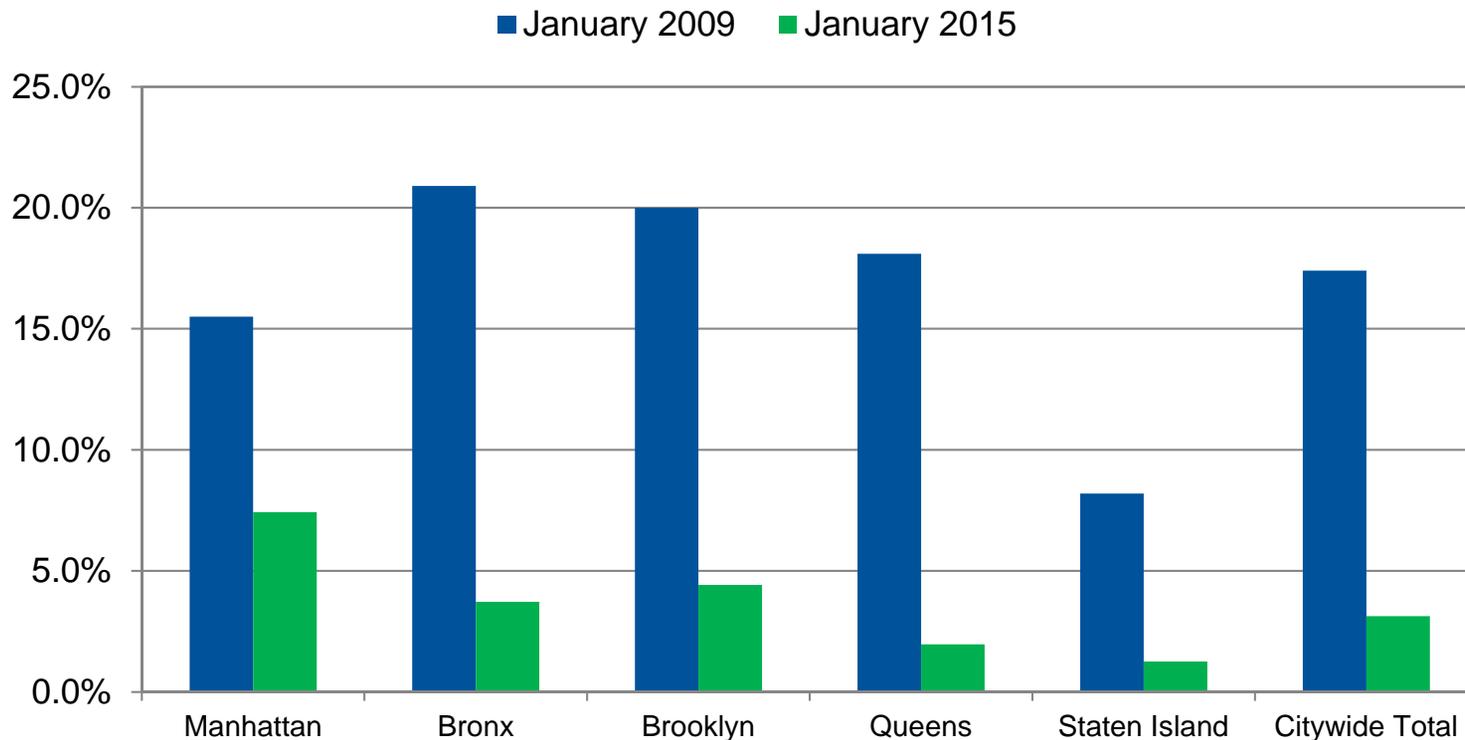


Data as of December 31, 2014. Upstate consumption is calculated and billed monthly, approximately one month later

Estimated Bills: January 2015

- The percentage of estimated bills was 3.1% in January 2015, which is an 82% decrease since the implementation of automated meter reading began

Estimated Bills: January 2009 vs. January 2015



January 2009	15.5%	20.9%	20.0%	18.1%	8.2%	17.4%
January 2015	7.4%	3.7%	4.4%	2.0%	1.3%	3.1%
AMR Saturation	93.3%	96.1%	95.8%	97.6%	98.6%	96.7%

FY 2015 Lien Sale



- January 22nd, City Council reauthorized DEP's lien sale authority for an additional two years
- The Mayor signed the legislation on February 5th
- The terms of the reauthorization remain substantially the same
- February 10th, letters providing 90-day notice of the lien sale were mailed to 18,709 properties
- The actual sale of delinquent liens is expected to occur May 15th

	FY 2014 Lien Sale		FY 2015 Lien Sale		% Change	
	BBL Count	Lien Amount	BBL Count	Lien Amount	BBL Count	Lien Amount
90-Day Notice	16,267	\$192,950,425	18,709	\$220,333,811	15%	14%
60-Day Notice	13,551	\$149,237,360				
30-Day Notice	10,156	\$122,297,451				
10-Day Notice	8,086	\$100,084,434				
Regular Sale	1,453	\$14,832,824				
Subsequent Sale	814	\$7,620,684				
Total Sold	2,267	\$22,453,509				
Percentage Sold	14%	12%				

Payment Agreements

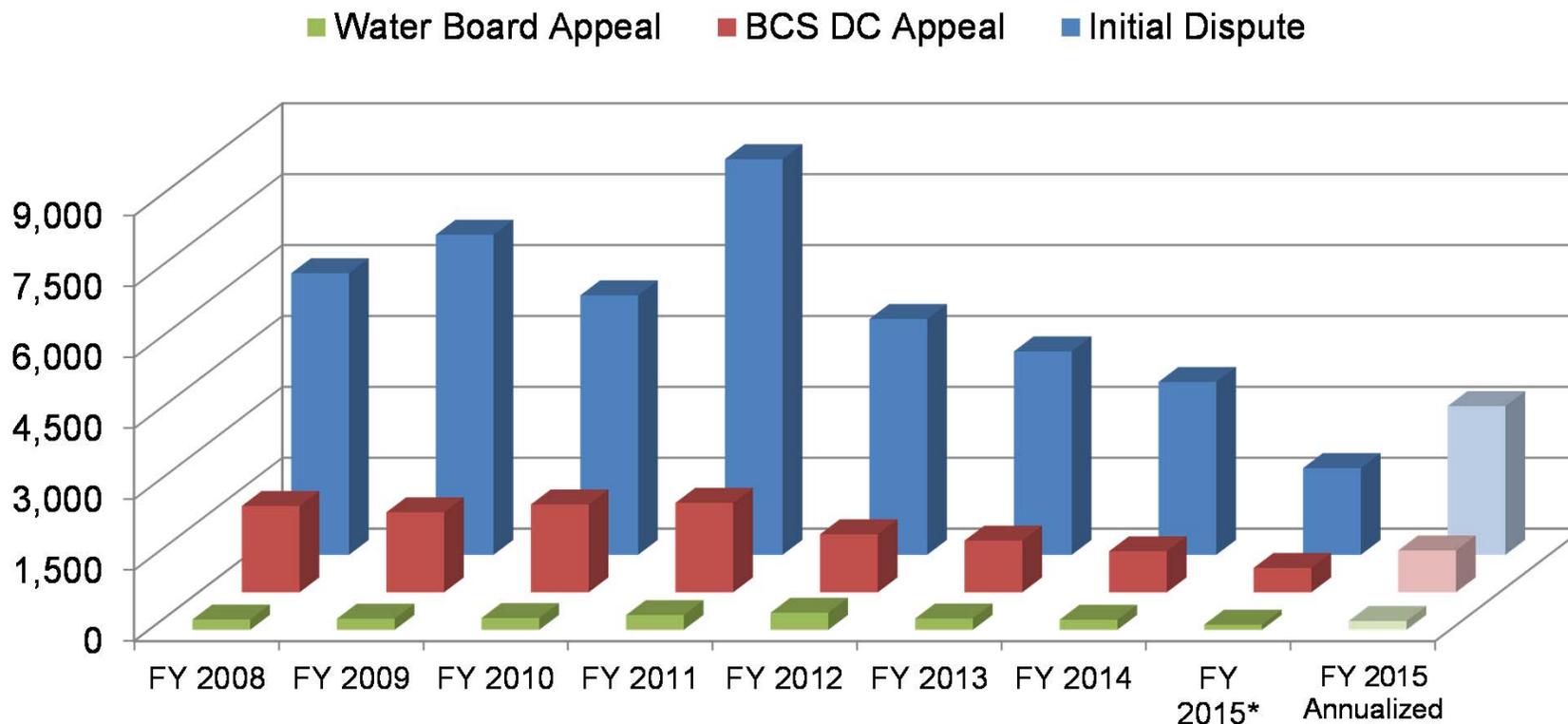
- In January 2012, DEP amended its payment agreement terms to allow customers to enter into an agreement for up to 10 years for as little as a 0% down payment
- Since then, customers have entered into 30,260 payment agreements for \$295.6 million
 - 50% of these (or 65% of the agreement amounts) have been for the maximum term of 10 years with only a 2% down payment
- 30,480 payment agreements are currently outstanding, of which 66% are in good standing

Duration (Years)	Number of Agreements	% of Total Agreements	Agreement Amount (M)	% of Total Value	Average Down Payment
0 through 4	8,308	27%	\$51.3	17%	9%
5	4,789	16%	\$32.8	11%	5%
6 through 9	2,006	7%	\$18.7	6%	2%
10	15,157	50%	\$192.7	65%	2%
Total	30,260	100%	\$295.6	100%	4%

FY 2008 - FY 2015 Billing Dispute Summary



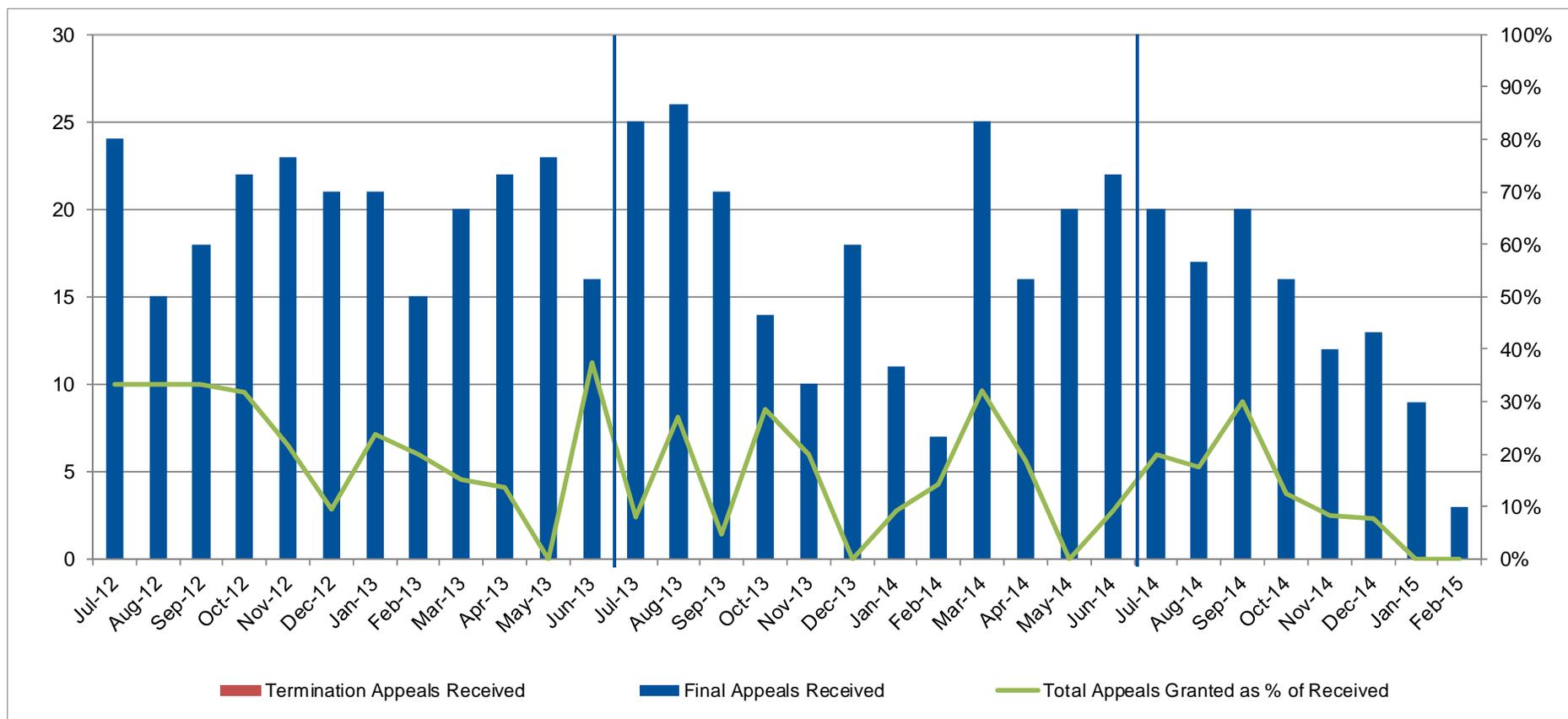
- FY 2014 set a new seven-year low in disputes received
- In the first seven months of FY 2015, DEP is on pace to establish a new eight-year low



Initial Dispute	5,960	6,774	5,491	8,372	4,991	4,306	3,658	1,836	3,147
BCS DC Appeal	1,828	1,694	1,860	1,894	1,229	1,094	869	517	886
Water Board Appeal	219	236	250	312	363	240	215	110	189

* FY 2015 includes appeals received through January 2015

Final Appeals



	Final Appeals Received	Final Appeals Granted	Final Appeals Partially Granted	% Granted of Appeals Reviewed in FY
FY 2013	240	9	44	22%
FY 2014	215	15	16	14%
FY 2015*	110	8	9	15%

* Includes appeals received through January 2015; 9 appeal decisions were pending as of February 24, 2015

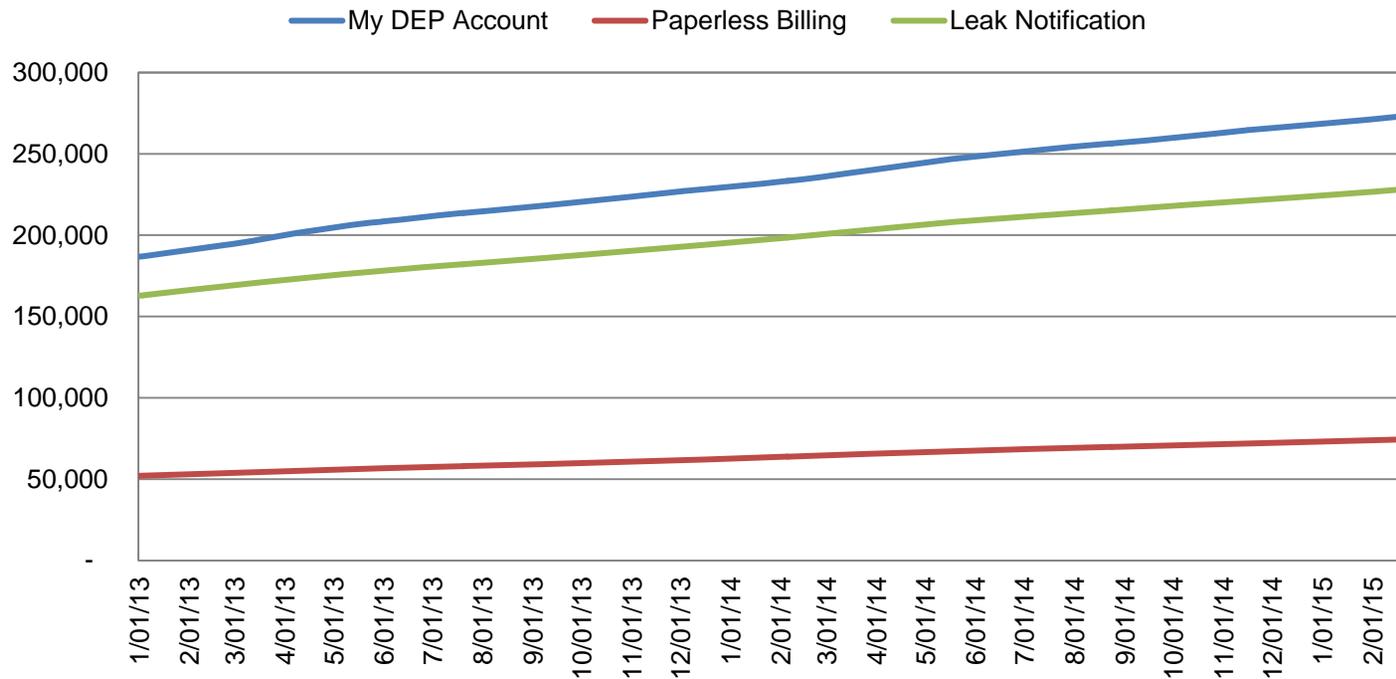
DEP Online Initiatives - My DEP Account



- More than 72,000 customers have saved a total of \$60 million dollars since 2011 as the result of DEP's Leak Notification Program

My DEP Account				
DEP Online Services	Total Users	Total Accounts	Paperless Billing Users	Leak Notification Users
Current Enrollees	270,309	309,969	61,486	227,079
% of Enrolled Users			23%	84%

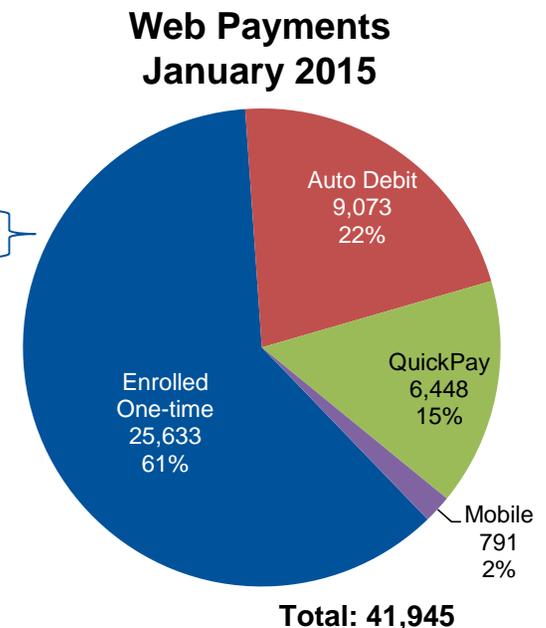
Historical Online Enrollment



January Customer Collections

- \$29 million (or 12%) less was collected in January 2015 than in January 2014
- Tracked payment volume decreased by 10% or 25,699 payments
- Lockbox payments declined dramatically year-over-year, primarily due to closure of the Staten Island processing facility for the January 26th snowstorm
- The combined volume of DEP payments made via a web-based system (i.e., enrolled one-time, auto debit, QuickPay, and mobile) was 22% higher (+7,455 payments) than in January 2014
- Remittance and Borough Office volume increased because the Water Board is forwarding the payments that customers continue to send to the old Pittsburgh lockbox to DEP's main office in order to track them and inform such customers of the new lockbox address

Payment Venue Number of Payments Collected	Year-over-year Change	January 2014	January 2015	January 2015 % of Total
Lockbox	-24%	148,691	113,678	48%
Customer Bank Payments	2%	50,095	51,025	22%
Web (incl. NYCServ Online)	22%	34,490	41,945	18%
Interactive Voice Response (IVR)	-1%	18,354	18,183	8%
Remittance and Borough Office*	20%	7,059	8,486	4%
NYCServ	-15%	1,905	1,611	1%
Western Union	-65%	51	18	0%
Total	-10%	260,645	234,946	100%



Payment Method of Web and IVR Payments

Payment Method	January 2014 %	January 2014 Count	January 2015 Count	January 2015 %
ACH from Bank Account	15%	47,801	55,040	23%
Credit Card	1%	5,043	5,088	2%

Note: Electronic redirect from NYCServ's website to the Board's Citibank website began in February 2014

* Item Count for Remittance and Borough Office includes payments redirected from Pittsburgh and payments deposited for presentment only in January 2015

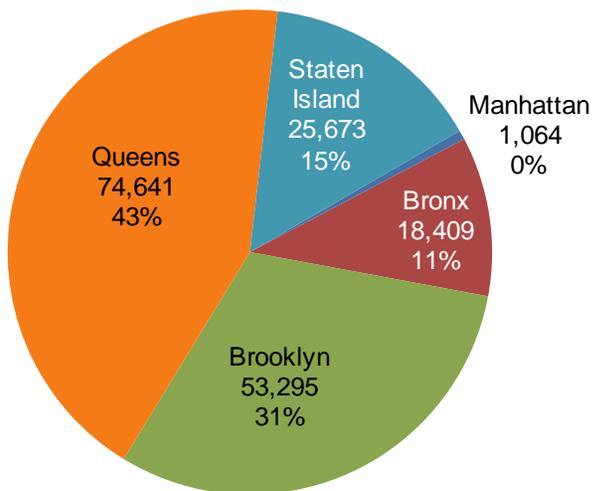
Service Line Protection Programs (SLPP)



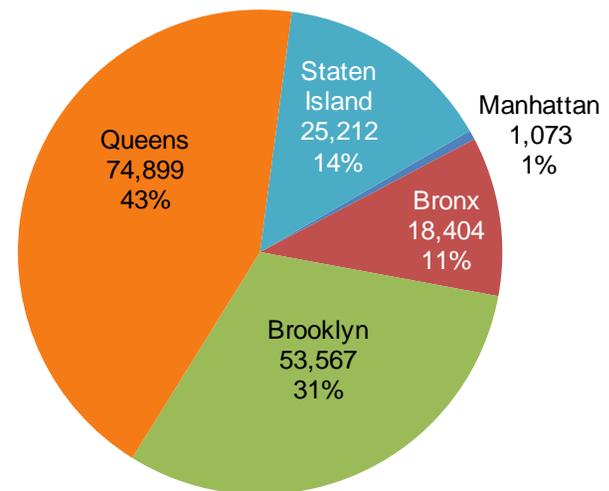
- Since it was first offered two years ago, approximately 175,828 or 26% of eligible customers have enrolled in at least one of the Service Line Protection Programs

Borough	Total Eligible Customers	Water Program		Sewer Program	
		Number Enrolled	% of Eligible Enrolled	Number Enrolled	% of Eligible Enrolled
Manhattan	18,580	1,064	6%	1,073	6%
Bronx	63,751	18,409	29%	18,404	29%
Brooklyn	212,296	53,295	25%	53,567	25%
Queens	266,260	74,641	28%	74,899	28%
Staten Island	103,378	25,673	25%	25,212	24%
Citywide Total	664,265	173,082	26%	173,155	26%
Single Program		2,673		2,746	
Both Programs		170,409		170,409	

Water SLP

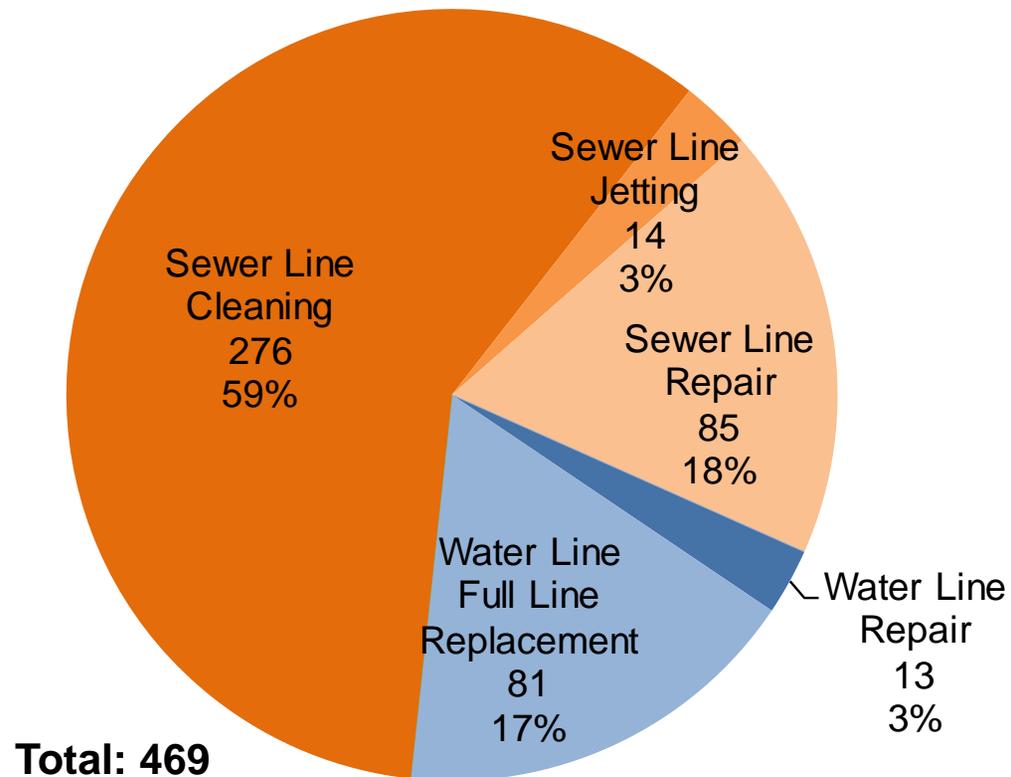


Sewer SLP



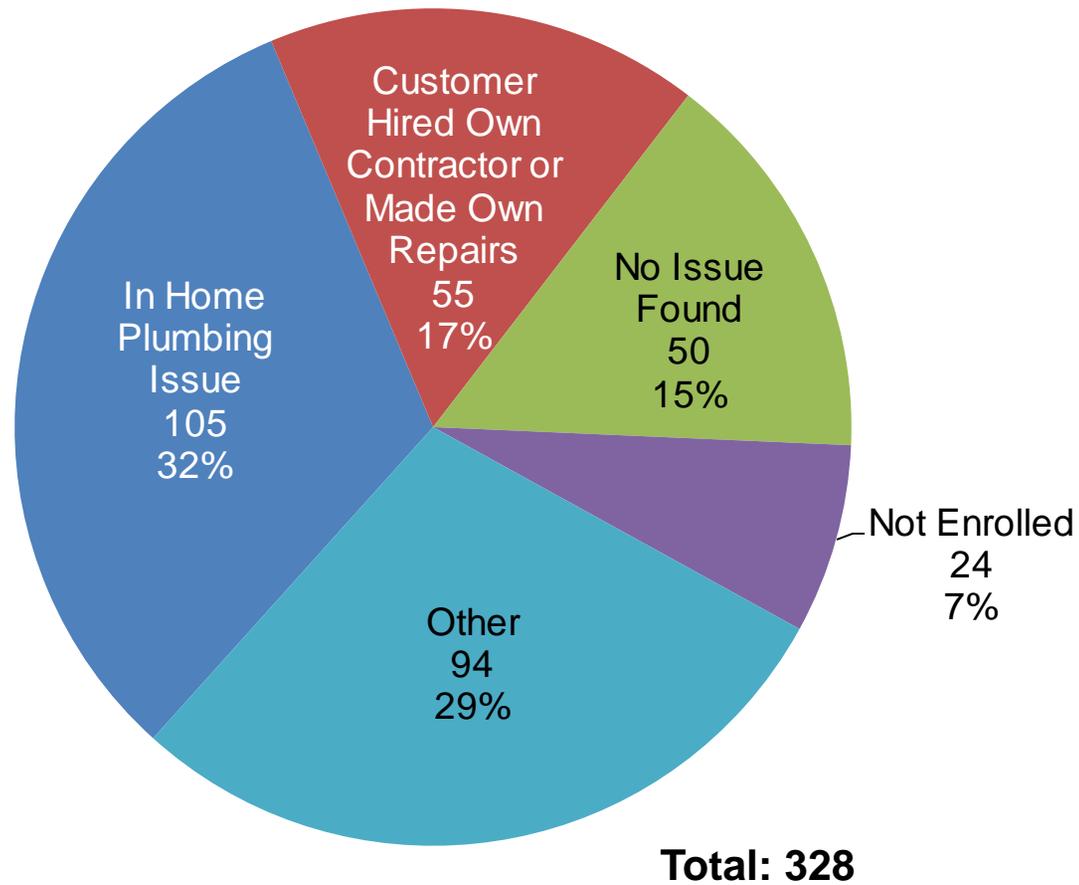
SLPP Claims Initiated

- 469 initial claims were responded to during the month of January
- The customer satisfaction rate for claims was 93.3%



SLPP Claims Denied

- 328 claims were denied during the month of January



SLPP Policies Cancelled

- 485 policies were cancelled during January; this was 0.3% of approximately 171,442 policies that were effective in January

