

New York City Water Board

Activities, Operations, and Accomplishments – Fiscal Year 2015

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, 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 actively monitors billings and collections throughout the year, and Board members receive a financial update almost every month, regardless of whether or not there is a public meeting. In addition, the Board maintains various contractual obligations necessary to achieve its requirements and objectives. Presented below are highlights of the Board’s activities, operations and accomplishments for the period of July 1, 2014 through June 30, 2015:

On September 19, 2014, the Board:

- Authorized an amendment to the organizational consultant contract with WorkLab Consulting LLC.
- Consented to a four-year extension of granting conservation easements on watershed lands to the New York State Department of Environmental Conservation.
- Received a financial update for fiscal year 2015 to date, including revenues, water consumption, estimated bill rates, and the success of the fiscal year 2014 lien sale on collection rates.

On October 21, 2014, the Board:

- Accepted the independent auditor’s report on the audited financial statements for the fiscal years ended June 30, 2014 and June 30, 2013 and authorized the release of the financial statements.
- Reviewed the annual fiscal year 2014 investment report and approved adoption of the investment guidelines.

On February 27, 2015, the Board:

- Adopted the Policy on Internal Controls recommended by the joint Audit Committee of the Board and the Authority.
- Received a presentation by Assistant Commissioner David Warne on DEP's land acquisition program, the potential impacts to the NYC watershed from fracking, and DEP's water demand management program.
- Was introduced to Nancy Cianflone, the newly appointed Deputy Commissioner of Customer Services.
- Received a financial update for fiscal year 2015 to date, including revenue collections, the fiscal year 2015 lien sale notices, DEP online programs, and the Service Line Protection Program.

On March 27, 2015, the Board:

- Recognized the exemplary service of former Chairman Alan M. Moss.
- Received a presentation on fiscal year 2016 rate and billing policy proposals by Commissioner Emily Lloyd.

From April 27 through May 1, 2015, in each borough of the City, the Board held public hearings concerning proposed fiscal year 2016 System rates, charges, and billing policies.

On May 8, 2015, the Board:

- Received a presentation on the agreement regarding the reduction of the rental payment made by the System to the City.
- Adopted its annual System budget.
- Adopted a rate increase of 2.97% based on the budget requirements, while considering the testimony and reports submitted at the public hearings.
- Froze the minimum charge for meter-billed customers at the fiscal year 2014 rate of \$0.49 per day for water service, plus the wastewater charge of 159% of water charges.
- Increased the credit applied to customer's bill upon successful completion of a lead and copper monitoring test to \$100.
- Adopted a one-time \$10 credit for customers enrolled in monthly eBilling after issuance of the third consecutive monthly eBill.
- Expanded the Home Water Assistance Program to include customers that meet at least one of the following conditions: (1) receives a Home Energy Assistance Program grant administered by the New York City Human Resources Administration or (2) receives one or both of the following exemptions

administered by the New York City Department of Finance: (a) the Senior Citizen Homeowners' Exemption (SCHE) or (b) the Disabled Homeowners' Exemption (DHE).

- Received a presentation on fiscal year 2016 rate proposals for water sold to users outside of the City.

On June 1, 2015, the Board held a public hearing concerning a proposed rate increase for water sold to users outside of the City pursuant to the Water Supply Act of 1905.

On June 12, 2015, the Board:

- Adopted a regulated rate of \$1,728.99 per million gallons for users outside of the City, and continued the rate for water that exceeds the allowance quantities at the in-City metered rate.
- Approved rate consultant contract amendments to fund the renewal terms of such contracts.
- Received a financial update for fiscal year 2015 to date.