

# **NEW YORK CITY WATER BOARD**

**New York City Public Hearings - 5/25/22  
(Daytime)**

2 [START RECORDING]

3 MR. ALFONSO L. CARNEY JR.: Miquel  
4 [phonetic], this floor is yours.

5 MS. MIQUEL ADGATE: Thank you, Chair. And  
6 thank you to everyone who is joining us this  
7 afternoon to hear the presentation, as well as  
8 to those of you who will be providing testimony,  
9 whether verbal or written. This is a public  
10 hearing of the New York City Water Board on  
11 wholesale water rates to take effect July 1<sup>st</sup>,  
12 2022. We are holding this meeting pursuant to  
13 state executive order permitting virtual public  
14 meetings—

15 AUTOMATED VOICE: [Interposing] This meeting  
16 is being recorded and/or transcribed.

17 MS. ADGATE: Place your phones on mute in  
18 order to limit the background noise.

19 MR. CARNEY: Thank you.

20 MS. ADGATE: I have placed several documents  
21 in the official record, including a notice  
22 appointing me as the hearing officer, verified  
23 copies of the public notices placed in the  
24 newspapers, a draft of the rate schedule listing  
25 the rates and billable policies for the coming

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2 year, a public information booklet describing  
3 the proposed rates, and copies of the written  
4 testimony received by the board so far. The  
5 draft rate schedule and the public information  
6 booklet are also available on the board's  
7 website, as is a copy of the presentation you  
8 will be hearing today. As noted, this meeting  
9 is being recorded and once prepared, an audio  
10 recording and transcript of the meeting will be  
11 made available on the board's website at  
12 [nyc.gov/nycwaterboard](http://nyc.gov/nycwaterboard). Again, that's  
13 [nyc.gov/Nycwaterboard](http://nyc.gov/Nycwaterboard). For members of the  
14 public who may have difficulty hearing, there is  
15 a real-time text captioning feature available to  
16 follow up with the meeting. You can link to the  
17 captioning service from the public hearing  
18 notice under the meetings tab of the board's  
19 website. The program for today includes two  
20 sections. First, the Department of  
21 Environmental Protection will make a  
22 presentation explaining proposed water rates for  
23 the fiscal year beginning July 1<sup>st</sup>, 2022 as well  
24 as billing policy modifications. Once again,  
25 we're going to ask that everyone place their

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2 phone on mute. Second, members of the public  
3 will have an opportunity to make a statement. I  
4 have a list of preregistered speakers, and when  
5 we get to that section of the hearing, I am  
6 going to start by calling the preregistered  
7 speakers by name. When you hear your name,  
8 please unmute your phone, and you will have up  
9 to five minutes to speak. After I have called  
10 all of the preregistered speakers, I am going to  
11 ask if anyone else would like to speak. And I  
12 will try to mediate between people speaking at  
13 the same time as fairly as I can. As mentioned,  
14 we do have members of the Water Board with us  
15 today, including Chairman Alfonso Carney,  
16 Jonathan Goldin, and Dan Zarrilli. Thank you  
17 all for being here. We are also joined by DEP's  
18 Commissioner Rohit Aggarwala, DEP's Chief  
19 Financial Officer Joseph Murin, and the Water  
20 Board's Treasurer Omar Nazem, as well as staff  
21 members from the Department Of Environmental  
22 Protection. Before we get started, Chairman  
23 Carney, would you like to make any opening  
24 remarks?

25 MR. CARNEY: I was on mute; forgive me.

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2 Thank you very much, Miquel. Several comments,  
3 the first is to thank the members who are  
4 present for being here. It's wonderful to have  
5 board representation for this particular hearing  
6 and one we're going to have the end of the week.  
7 Thank you very much for being here. The board  
8 members, for the avoidance of doubt and for  
9 clarity and for the record, the board has had an  
10 opportunity as a board to see this presentation.  
11 We have not spoken of it. There have been no  
12 meetings in which the presentation has been  
13 discussed. The reason for that is that it is  
14 absolutely essential that this board and its  
15 members maintain open minds about where we're  
16 headed. And that can only happen with public  
17 comment. And that's why this meeting is open to  
18 the public, so that we can hear what the public  
19 has to say. That's an essential part of the  
20 decision-making process, and we're very, very  
21 grateful to have people who are on this call.  
22 The meeting may not be perfect, but the end  
23 product will work. The testimony is testimony  
24 we want to hear and we will hear gratefully, and  
25 we're here in order to have our own discussions

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2 about the proposal. Are there other board  
3 members on the call who want to offer comments?  
4 Hearing none, Miquel, please, run with it.

5 MS. ADGATE: Thank you, Chair. Now you're  
6 going to hear a presentation from Commissioner  
7 Aggarwala and Chief Financial Officer Joe Murin.  
8 Commissioner?

9 MR. ROHIT AGGARWALA: Thank you, Miquel, and  
10 good afternoon everybody. Thanks to Chairman  
11 Carney and the other board members and everybody  
12 from the public who has joined us this  
13 afternoon. We have a presentation. It is  
14 available to you all, and so we will walk  
15 through it. The starting point of course, and  
16 the most important reason for this meeting, is  
17 that DEP is requesting that the Water Board  
18 undertake a 4.9% rate increase on the water  
19 rate. We'll walk through in this presentation  
20 the overall state of the agency and the  
21 rationale for why that rate we think is  
22 necessary, how we think it is neither too high  
23 nor too low, and what it includes in terms of  
24 funds to help cushion the impact of rate hikes  
25 on lower-income New Yorkers. First of all, I'll

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2 say over the last year or two years of the  
3 pandemic, DEP has done a tremendous job of  
4 maintaining operations and keeping the state of  
5 our infrastructure and our service at a high  
6 quality. At no point did the pandemic  
7 materially affect either the water supply system  
8 or the sewer system. And of course we had no  
9 service disruptions related to the pandemic.  
10 There have been some ongoing effects on the  
11 system operations of the pandemic, including a  
12 reduced head count caused by the difficulty in  
13 hiring during the pandemic. Our current head  
14 count is measurably below the personnel levels.  
15 You should know that along with other city  
16 agencies, DEP returned to a traditional five-  
17 day-per-week-in-the-office work format in  
18 September of 2021, although a number of the  
19 digital and productivity innovations that we  
20 introduced during the pandemic are remaining as  
21 part of DEP's workflow. Among our priority  
22 areas for this year and next are recruiting,  
23 hiring and training with a goal of getting us  
24 back towards budgeted staffing levels. There  
25 have been a number of projects that we've made

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2 significant progress on over the last year.  
3 Perhaps the most significant is that in  
4 September of '21, right during the midst of the  
5 pandemic, our Bureau of Customer Service  
6 launched a new billing system, the UMAX  
7 Microsoft Dynamics Billing system that serves as  
8 the core water billing tool for the agency.  
9 This was the largest financial software upgrade  
10 undertaken by the agency in 25 years and was a  
11 significant internal effort. It will yield  
12 major dividends to the public through better,  
13 fully accurate, easier-to-read bills and give us  
14 the ability to understand our consumer behavior  
15 much better with a goal of serving the public  
16 better. We are making progress on major capital  
17 projects. Perhaps the most important is the  
18 Delaware Aqueduct Bypass Tunnel. This is the  
19 largest repair project in the history of the  
20 city, and we are currently working to coordinate  
21 the last stage of this project and its timetable  
22 with the affected municipalities outside the  
23 city and our regulatory oversight entities,  
24 particularly DEC, to ensure as our top priority  
25 a completely uninterrupted supply of safe and

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2 clean drinking water to all New York City  
3 residents and our upstate customers. A number  
4 of other projects worth noting, we've completed  
5 work on \$148 million worth of new sewer  
6 construction in Canarsie and East New York.  
7 We've done a nearly \$16 million package of  
8 improvements to the Jerome Park Reservoir.  
9 We've commenced work on \$29 million worth of  
10 upgrades at 19 NYCHA properties, focused on  
11 green infrastructure with a view towards  
12 mitigating storm water. We've completed an  
13 \$18.4 million project in partnership with the  
14 New York City Department of Transportation at  
15 Montefiore Square in Harlem. We've commenced  
16 work on a nearly \$7 million drainage upgrade in  
17 Westerly on Staten Island, including both storm  
18 sewers and catch basins and water main and  
19 hydrant upgrades. And we've continued  
20 significant work in southeast Queens, including  
21 a number of projects completed in Hollis and  
22 Queens Village. And now let me turn it over to  
23 our chief financial officer to run through the  
24 financial update.

25 MR. JOSEPH P. MURIN: Thank you,

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2 Commissioner. Good afternoon, everyone. This  
3 is Joseph Murin. I'm the CFO of the Department  
4 of Environmental Protection as well as the  
5 executive director for the Water Board. I will  
6 start with slide six, which is DEP's capital  
7 construction program, and it remains robust and  
8 well-funded. What we have here is a chart  
9 showing the comparison between the capital plan,  
10 ten-year plan from April 2019 which was the  
11 fiscal years '19 through '28, compared to the  
12 most recent capital plan for fiscal years '22  
13 through '31, showing it went from 20.7 billion  
14 up to 25.1 billion, an increase of 21.4%, which  
15 most significantly was changes in the water  
16 distribution and sewers, which is going to show  
17 our continued investment in sewer improvements  
18 and water transmission improvements, with also  
19 increases in the other areas such as water  
20 pollution control increasing by 5% from there.  
21 Going to the next slide, we are also then  
22 looking at other factors that are going into how  
23 we came up with the 4.9% rate. And we wanted to  
24 go through, interest rates are rising which will  
25 increase systems borrowing costs. Market

2 interest rates begin to trend upward during the  
3 fourth quarter of calendar year 2021 and have  
4 continued to rise through May 2022. The  
5 increase in U.S. Treasury rates have been  
6 accompanied by an increase in municipal bond  
7 rates. Despite recent increases in interest  
8 rates, the system can borrow at rates comparable  
9 to long-term average borrowing rates. Together  
10 with higher rates of price inflation, higher  
11 borrowing costs are likely to increase the  
12 system's cost. Credit ratings on water bonds  
13 remain high based on the board's authority and  
14 willingness to raise rates that meet the  
15 system's funding requirements. And what we see  
16 here, to those following along on the charts in  
17 the presentation on the website, is showing that  
18 the increase in the interest rates over from '17  
19 up through April of '22 and comparable rates has  
20 changed from March of '22 from a year  
21 previously. And while these rates have been  
22 going up, they're still manageable, but we are  
23 keeping a very tight eye on this and our  
24 partners with the Municipal Water Finance  
25 Authority to ensure that we have the adequate

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2                   rate, the adequate revenue to make sure that  
3                   we're going to meet our bonding requirements.

4                   Next on slide eight, DEP and the board  
5                   maintained billing and collection activities in  
6                   fiscal year 2022 while facing challenges from  
7                   customers' delinquencies and lower water  
8                   consumption. Billing and collection activities  
9                   by DEP and the board faced the headwinds of  
10                  customer payments deferral and lower water rate  
11                  consumption during fiscal year 2022. Through  
12                  May 23 of 2022, revenues were \$3.35 billion,  
13                  which was an increase of 4.3% compared to the  
14                  same time in fiscal year 2021 above the 2.76%  
15                  rate increase that was implemented for fiscal  
16                  year 2022. So that was heartening that we're at  
17                  least a little bit ahead of schedule and ahead  
18                  of projections for the past fiscal year.

19                  Financial headwinds faced by DEP and the board  
20                  include A, the balance of overdue customer  
21                  bills, which is higher than before the pandemic,  
22                  B, water consumption levels below the quantity  
23                  of water used prior to the pandemic, and C,  
24                  limitations on the availability of collection  
25                  tools, including reauthorization of the ability

2 to sell liens secured by overdue water bills.  
3 We're continuing to monitor all three of these  
4 elements to see how we can deal with them, and  
5 they are factored into the rate that we're  
6 considering now. During the pandemic,  
7 residential and commercial customers faced with  
8 loss of income deferred paying their water bills  
9 and sewer bills. As recovery progresses, we are  
10 seeing signs of customers who fell behind on the  
11 water and sewer bills starting to make payments  
12 to restore balances to good standing. So again,  
13 this is a very concerning area in terms of our  
14 delinquency rates and the impact on revenues.  
15 But we have been seeing some uptick in the last  
16 few months of people, those ratepayers paying  
17 more timely. I'm going to move now to slide  
18 nine. Water consumption by metered accounts  
19 remains below the pre-pandemic level with recent  
20 consumption data showing an upward trend. And  
21 we have here a graph showing the meter billed  
22 percent change in demand from July 2018 through  
23 March of 2022 versus the baseline. And you have  
24 a combination of both the residential and non-  
25 residential here, with a much steeper fall in

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2                   the non-residential, which reflects the decrease  
3                   in commercial activity, particularly of those  
4                   people that were going into office settings in  
5                   Manhattan and a slight uptick of the residential  
6                   consumption, which would reflect more people  
7                   staying home with the work-at-home environment  
8                   that we worked through most of the pandemic.  
9                   And just to be, to make it clear, that the  
10                  residential consumption is about 80% of our base  
11                  of water consumption. So that's where it's  
12                  offset for the most part the decline, but not  
13                  totally that we've seen in the commercial water  
14                  usage. Next we're going to go onto slide 11,  
15                  talking about the proposed rate and billing  
16                  policies for fiscal year 2023. So as the  
17                  commissioner opened with, we are proposing a  
18                  4.9% rate increase for customers in New York  
19                  City. We also have \$30 million to propose  
20                  customer affordability programs funds, which  
21                  preserves the 50% increase authorized in fiscal  
22                  year 2022 into a second program year. No budget  
23                  rental payment to the city for fiscal year 2023  
24                  is being requested at this time. Note so that  
25                  the rate increase will ensure revenue sufficient

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2 to fund the system's robust capital construction  
3 program, support high rating from bond rating  
4 agencies, help mitigate the system from the risk  
5 of rising interest rates and inflation, and  
6 support hiring retention initiatives to return  
7 head count to budget levels, and support  
8 expanded analytical capabilities, including  
9 analysis of customer data enabled by the new  
10 billing system. I'm going to move to slide 12.  
11 Residential customers with normal levels of  
12 water use will see a small increase in their  
13 monthly bills. What we have here is the chart  
14 showing the comparison of the rate as it was in  
15 effect last year for the average single-family  
16 home, which was 9\$94 on an annual basis. With  
17 the proposed rate increase, that will go to for  
18 fiscal year 2023, up to \$1,041, which roughly  
19 approximates a \$4, slightly less than a \$4  
20 increase on a monthly basis. For the average  
21 multi-family meter charge, the increase, which  
22 is apartment dwellers, the increase is going  
23 from \$738 to \$773 on an annual basis, an  
24 increase of approximately less than \$3. Multi-  
25 family conservation program per residential unit

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2 will go from \$1,081 to a \$1,134, increase of  
3 slightly over \$4 a month. And the minimum  
4 charge we're pleased to say will remain the  
5 same, again at a rate of \$464 a year, so no  
6 increase for those people that qualify, mainly  
7 seniors, for the minimum charge on properties.  
8 Moving onto slide 13, as I stated earlier, we  
9 are, DEP continues to recommend to the board a  
10 continuation of \$30 million of affordability  
11 programs, which would extend it for a second  
12 year. This is comprised of what we increased  
13 from last year into this year, multi-family  
14 water assistance program at \$12 million a year,  
15 the homeowner water assistance program at \$14  
16 million a year, the leak forgiveness program,  
17 which equates to approximately \$4 million a  
18 year, thus for a total affordability programs of  
19 \$30 million a year. On the next slide, slide  
20 14, we detail historical trends on residential  
21 use charges, which will remain lower than in  
22 other large cities. So going back to 2016 up  
23 through 2023, well we don't have the 2023 rates  
24 numbers yet, but through 2022, New York City's  
25 water rates have remained below the 30 large

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2 city average, at a rate of less than, 21% below  
3 other cities, so we continue to keep the rate  
4 of, while it's increasing, it's still less than  
5 most other large cities and at an affordable  
6 rate. Moving onto slide 15, here we have the  
7 financial output for the Water Board budget.  
8 And this slide is a summarization of the cash  
9 flow statement that is also on the board's  
10 website, which is much more detailed, but it  
11 collapses it down into the major area of  
12 expenditures. So starting from the top, we have  
13 the DEP operations and maintenance which is  
14 those costs that are necessary to support the  
15 personnel and the operations of the system such  
16 as parts, equipment, chemicals, fuel, leases,  
17 all the other operation costs of delivering  
18 water and treating sewage, and the conveyance  
19 and distribution every day. So this is going  
20 from a 1,657,000,000 to a 1,824,000,000. I'll  
21 go on the next slide into a little more details  
22 of what was driving those factors up. Then we  
23 have debt service costs in water and sewer debt,  
24 which is 1.487 billion forecasted for fiscal  
25 year '22 and is at 1.643 billion for fiscal year

2           '23. I will point out that this is consistent  
3 with these past years in that we had lower costs  
4 than originally targeted on the debt service  
5 portion due to continued lower interest rates  
6 than were budgeted. We still are conservatively  
7 modeling what interest rates may be for fiscal  
8 year '23, but that may be coming closer than we  
9 have in years past, so we have to be careful,  
10 very watching that closely, since it may not  
11 afford us the opportunity to have as much  
12 savings as we previously had in interest rates.  
13 And that that is supporting the \$25 billion in  
14 the capital program that was on the previous  
15 slide at the beginning of the financial  
16 presentation. The other portion of debt service  
17 is funds for cash-financed capital program as  
18 well as what's called defeasance, which is where  
19 we go, the Municipal Water Finance Authority  
20 will go into the market, buy older higher  
21 interest rate debt, and issue it at a lower  
22 interest rate. Again, that's something that  
23 we're watching carefully because we still have  
24 opportunities such as that. But as interest  
25 rates go up, they do become less available, and

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2                   that's where we would move more to using cash- -  
3                   financed debt service. And this is going from  
4                   \$469 million 'cause there is the expectation  
5                   that we will be doing defeasance for this count,  
6                   fiscal year 2022 and that to, down to \$263  
7                   million in fiscal year 2023. Next we have Water  
8                   Board and Water Authority combined expenses,  
9                   which is relatively flat at \$100 million for  
10                  both. And then there's just a credit that we  
11                  had gotten for underspending in fiscal year  
12                  2022, which helps us keep the rates moderate,  
13                  helps moderate the rate increase. And as noted  
14                  already, the rental payment is expected to be  
15                  zero for this upcoming fiscal year. All those  
16                  inputs come to the total of 3.67 billion for  
17                  fiscal year '22 and 3.836 billion for fiscal  
18                  year 2023, which the rate increase is bringing  
19                  us to. That is slightly less than 4.4%, because  
20                  we also do factor in other adjustments and the  
21                  fact that we do expect that there are continued  
22                  conservation measures that go on as people  
23                  replace older fixtures with new fixtures. So  
24                  water consumption has been continuing to go down  
25                  even separate from the decreases we saw due to

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2 the pandemic-induced consumption. Going to the  
3 next slide, 16, we have DEP's O&M budget, invest  
4 in core utility activities and customer services  
5 while reserving against price inflation. This  
6 was a concern that the board expressed in the  
7 meeting when we presented the rate as to what we  
8 were doing to address the risk that we have out  
9 there to the system for inflation, and is the  
10 4.9% going to be adequate to be able to help  
11 with that. And fiscal year 2023's OMB budget  
12 includes additional funds for inflation and cost  
13 contingencies. Specifically we have \$42 million  
14 in anticipated needs related to higher costs  
15 related to energy and chemical purchases. We  
16 also have expected, not yet identified  
17 contingency of \$49 million for inflation. One  
18 thing that we are anticipating or we expect at  
19 some point that there may be labor rate  
20 increases. There could be increases to fringe  
21 benefits. There could be changes to other costs  
22 that we haven't anticipated. So we think this  
23 is prudent to have this \$49 million to guard  
24 against any such inflationary increases out  
25 there. This comes to, when you look at this

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2 across the totality of the O&M cost, it's just  
3 about a 6% factor related to inflation. And as  
4 people know, we've been seeing inflation over  
5 the past few months that has been maybe a little  
6 higher than our rate. So we think this is  
7 perhaps a conservative and prudent number, but  
8 we are going to monitor closely and we think  
9 that it should be adequate. Next, we also have,  
10 there were additional funds covered for needs  
11 that the agency has put forth, which is climate  
12 resiliency programs, including green  
13 infrastructure for \$20 million, equipment  
14 upgrades, replacements, and maintenance at \$17  
15 million, and funds for additional regulatory and  
16 compliance initiatives, such as the filtration  
17 avoidance determination that allows us to  
18 continue to not have to build a filtration plant  
19 for the West of Hudson operations of \$9 million.  
20 We're initiating design build programs and  
21 regulatory compliance work, including  
22 environmental health and safety initiatives,  
23 that's \$8 million, and compliance initiatives  
24 under the revised federal water quality  
25 standards, also known as the lead and copper

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2                   rules, which we anticipate is going to cost an  
3                   additional \$7 million in the upcoming year and  
4                   then the balance of the increase from the 1.487  
5                   billion to 1.643 billion on the O&M side with  
6                   various other adjustments, pluses and minuses.  
7                   Moving onto slide 17, I'm going to turn over to  
8                   the board treasurer Omar Nazem, so he'll address  
9                   these next few slides.

10                  MR. OMAR NAZEM: Thank you, Joe. So we  
11                  have, there are three revisions that are  
12                  proposed to the board's rate schedule. The rate  
13                  schedule is available on the board's website.  
14                  There you can find this year's version, the FY22  
15                  version. You can find archived historical  
16                  versions, and you can see a draft version of the  
17                  schedules proposed for FY23 with the changes  
18                  tracked to draw your attention to the sections  
19                  that will change. Most of the market is just  
20                  taking the various unit prices or volumetric  
21                  prices and increasing them by the 4.9%. There  
22                  are three other changes we wanted to draw your  
23                  attention to, and you can see the precise  
24                  wording in the booklet, but I'll go through in  
25                  summary form what the three are. The first is

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2 we have a billing program called the cap on  
3 metered charges. This is available to  
4 residential properties that experience high  
5 water consumption and that agreed to undertake a  
6 leak or waste inspection to verify whatever it  
7 was that caused the leak has been removed or  
8 mitigated. The wording change to the rule makes  
9 clear that the leak or waste inspection needs to  
10 occur contemporaneously with the billing period  
11 in which the meter bill cap is being sought or  
12 at least very promptly adjacent to it. The  
13 issue it's trying to solve is where there's high  
14 usage, the usage is addressed, but then an  
15 inspection doesn't occur until a year later or  
16 two years later. The inspection's got to be  
17 during the billing period in question or right  
18 next to it for prompt and responsive action in  
19 response to the leak. The ideal situation would  
20 be where a customer is monitoring their water  
21 use, they're enrolled in in the leak  
22 notification, the email program we have, they  
23 see the use, so they get the email alert. They  
24 contact the DEP. Corrective steps are taken;  
25 the leak is addressed. Then they write in for

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2 the bill cap. They reached out, and they took  
3 action. They've got the contemporaneous  
4 inspection, and they get the bill cap, protect  
5 themselves from the loss of income they would  
6 experience if they had to pay full freight on  
7 the bill. So that's what it clarifies. You've  
8 got to do the inspection near or in the billing  
9 period where the request is being sought.  
10 That's number one. Number two, this will be an  
11 arcane policy except to a small number of  
12 customers, but we have a billing program called  
13 the Multi-Family Conservation Program. And the  
14 program is available to multi-families that  
15 install water efficiency fixtures in a certain  
16 number of their units. They have to install a  
17 meter as well, but if they make the efficiency  
18 improvements and if they install the meter, then  
19 they have if they choose, a billing program  
20 available to them that is not built on a metered  
21 basis. It's about \$1,100 per unit per year.  
22 And in the multi-family world, especially in the  
23 affordability world, a lot of customers like  
24 that. They like that budget predictability, and  
25 they like the fact it's a form of insurance

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2 against if there is excess consumption some year  
3 because of something that happens in the  
4 building or a change in tenant composition.  
5 They know what their water number is going to be  
6 no matter what happens up or down. We have a  
7 small collection of customers who were enrolled  
8 in that program several years ago as we were  
9 trying to phase out the old legacy frontage  
10 rates. And they went into the program on the  
11 understanding that the paperwork, the  
12 administrative compliance would be accomplished.  
13 If that didn't happen, there's a surcharge  
14 they're exposed to. We are going to be waiving  
15 the surcharge for fiscal year '23 under the  
16 proposed rate schedule for re-visitation next  
17 year. We didn't think it's the right time to -  
18 - what is ultimately an affordable collection of  
19 properties when we're still coming out of the,  
20 because of the circumstances around the  
21 pandemic. So it extends for another year under  
22 the proposal, the waiver of the 10% surcharge on  
23 the automatically enrolled MCP properties. The  
24 last one is a wording clarification that I think  
25 most customers understand, is that the old

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2 legacy frontage rates are not available on  
3 properties that are newly constructed/undergo a  
4 substantial renovation. The exact wording of  
5 substantial renovation is addressed in the rate  
6 schedule. But if you weren't on frontage prior  
7 to 2012, you certainly can't get into it now.  
8 And those are old rate plans that aside from the  
9 MCP rate, we're trying to phase out and roll  
10 out. And the wording change just makes clear  
11 that's the case. We've had a few instances  
12 where people tried to enroll new properties that  
13 were substantially rebuilt or newly constructed,  
14 and we just want to have very clear on the rate  
15 schedule you can't do that. This is an old rate  
16 plan we're trying to phase out. That's slide  
17 17. On slide 18, this is actually not quite a  
18 rate-setting or rate proposal topic, but it may  
19 be the number one topic of interest to the  
20 people who come to Water Board meetings  
21 routinely. It does touch on rate-setting  
22 topics, so we have an update on it. DEP has  
23 been working on for more than a year now, a  
24 comprehensive rate study. It's looking a lot of  
25 topics. It's looking at fixed fees, it's

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2 looking at storm water, it's looking at tiered  
3 rates, it's looking a lot of different things.  
4 So we have an update on where the project is and  
5 the timeline we think will be in place through  
6 the completion of the project. So the working  
7 group has completed a comparative rate structure  
8 analysis and held several public stakeholder  
9 meetings. DEP continues to work with a  
10 consultant to complete the remaining portions of  
11 the study. It's probably about halfway done  
12 now. The upcoming phases include the revenue  
13 requirements and the rate options assessment  
14 phases of the project. Once those phases are  
15 complete, the team is going to then turn to look  
16 at the options for implementing different rate  
17 ideas as well as looking at how those rate  
18 scenarios would impact different categories of  
19 customers in light of a change in rate  
20 structure, the level of rates overall. The  
21 project will finish with the team issuing a  
22 final report and a set of recommendations to  
23 DEP. And DEP will share those recommendations  
24 along with the consultants to the board for  
25 potential consideration and inclusion in a

2 future year's rate schedule. The team estimates  
3 that the rest of the work will be wrapped up by  
4 the first quarter of calendar 2023 and that the  
5 final report and recommendations will be made  
6 available to the board and the public before the  
7 end of calendar year 2023. Then slide 19 is  
8 just a, it lays out the remaining events in this  
9 season's rate-setting. With these digital  
10 meetings, we're not doing the full cycle of in-  
11 borough hearings, because everyone in every  
12 borough can - - everything if they want to. So  
13 we have one more public hearing, which is  
14 tomorrow evening at 6:00 p.m. That's another  
15 conference call/digital format meeting. And  
16 then the board will be meeting on June 1<sup>st</sup>,  
17 Wednesday next week, to consider the testimony,  
18 consider DEP's proposal, and take a vote on the  
19 budget and rates for the fiscal year starting  
20 July 1<sup>st</sup>. That is everything from me, Miquel.

21 MS. ADGATE: Thank you, Omar. At this time  
22 I'm going to begin the public testimony portion  
23 of the hearing. I'm going to go through my list  
24 of preregistered speakers, each of whom will  
25 have up to five minutes to speak. After we've

2 gone through the preregistered list, I will see  
3 if anyone else would like to speak, and I will  
4 try to be as fair as I can while mediating  
5 between folks who speak up at the same time. So  
6 first we have Katherine Damiani-Brezler from the  
7 Office of Queens Borough President Donovan  
8 Richards. Kat? Okay, so it seems like Kat may  
9 have only submitted written testimony on behalf  
10 of the borough president. So at this time I  
11 would like to open it up to see if there is  
12 anyone else on the call who would like to speak.  
13 You can unmute yourself and say your name. So  
14 at this point, I'm going to conclude today's  
15 hearing. As a reminder, the board will return  
16 for another hearing tomorrow evening at 6:00  
17 p.m. And after that we'll reconvene on  
18 Wednesday, June 1<sup>st</sup> at 1:00 p.m. to consider and  
19 vote on proposed rates and the budget for next  
20 year. We thank you all for participating today,  
21 and we will either see you tomorrow night or at  
22 the board meeting next week.

23 MR. CARNEY: Miquel, it's Alfonso. Let me  
24 ask whether any of the board members who have  
25 joined the call have questions for either the

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2 commissioner or for the Chief Financial Officer  
3 and Executive Director Joe Murin or for Omar  
4 Nazem.

5 MR. DAN ZARRILLI: Alfonso, this is Dan  
6 Zarrilli. One quick thing, I'm just curious if  
7 we should have a conversation at some point  
8 about either the advertising for these meetings  
9 or the format of these meetings. This is two in  
10 a row without any public comments, so that's  
11 just something on my mind that we should  
12 probably bring up at the next board meeting.

13 MR. CARNEY: Happy to do that, Dan. And you  
14 and I should talk about it before that board  
15 meeting if you agree.

16 MR. ZARRILLI: Yeah, wonderful, let's do  
17 that.

18 MR. CARNEY: Okay, terrific. Let me thank  
19 the leadership for an excellent presentation  
20 today. As I said earlier, public comment and  
21 public commentary is essential to this decision-  
22 making process. We need to know what folk out  
23 there who are the rate-payers are thinking about  
24 this proposal. We will hope that the  
25 participation tomorrow night will be better and

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2 keep our fingers crossed. Miquel, I'm finished;  
3 you want to close the meeting>?

4 MS. ADGATE: Thank you, Chair. With that,  
5 we will close today's public hearing. Have a  
6 good rest of the day.

7 MR. CARNEY: Thank you all very much.

8 MR. ZARRILLI: Thank you.

9 [END RECORDING]

C E R T I F I C A T E

I, Anne Edelmann certify that the foregoing transcript of 05.25.2022-NYC-Water-Board-Meeting.mp3 was prepared using standard electronic transcription equipment and is a true and accurate record to the best of my ability. I further certify that I am not connected by blood, marriage or employment with any of the parties herein nor interested directly or indirectly in the matter transcribed.

Signature



Date May 31, 2022