



Public Hearings on New York City Water Rates Effective July 1, 2021

June 1 and 2, 2021

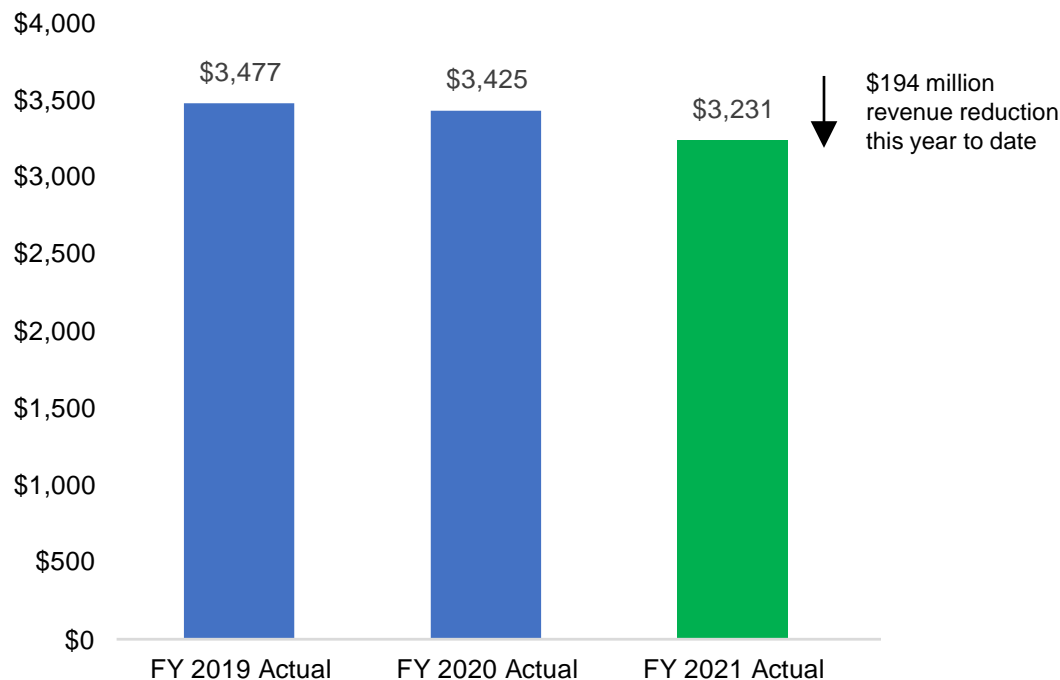
1. Update on Department of Environmental Protection (DEP) operations and capital projects
2. Financial and capital market update
3. Proposal on water and wastewater rates to be effective July 1, 2021 for customers in New York City
4. Proposed Rate Schedule policy updates
5. Preliminary FY 2022 budget outlook

- Water and wastewater service maintained throughout the pandemic without interruption or impact to water quality
- DEP is following CDC guidelines around workplace safety protocol
- DEP personnel able to work in a remote, digital format were assigned to remote work, and other personnel implemented social distancing, on-site temperature checks, and use of PPE at their worksites
- After reaching a peak of 80% of office employees in a remote work format, the DEP workforce began returning to worksites the week of May 3; on a typical day at current rates, 70% of DEP personnel are on-site
- Some pandemic measures remain in place, including a moratorium on water shut-offs and digital work permitting, as well as a pause on certain filing deadlines, such as billing appeals

Work Was Completed and Begun on Important Projects

July	Drainage improvements completed along Shore Boulevard in Astoria Park, Queens
September	Work commenced on 7 miles of new water mains in Gravesend and Sheepshead Bay, Brooklyn - \$30 million
October	Completion of Pugsley Creek clean-up in Bronx - \$106 million
November	Work commenced on Morrison Avenue Plaza transformation in the Bronx - \$9 million
November	Flood mitigating green infrastructure constructed in Queens Village, Wayanda, and Cambria Heights, Southeast Queens , in addition to 3,000 other green infrastructure assets and \$222 million FY 2021 capital commitment
December	Drainage upgrade for Bay Terrace, Staten Island - \$10 million
January	New drinking water connection between Randall and Wards Islands, Manhattan completed - \$31 million
February	Delaware Aqueduct Bypass Tunnel final liner installation, Newburgh , Orange County - \$1 billion total project cost

Revenues Through May 27* - in Millions of Dollars

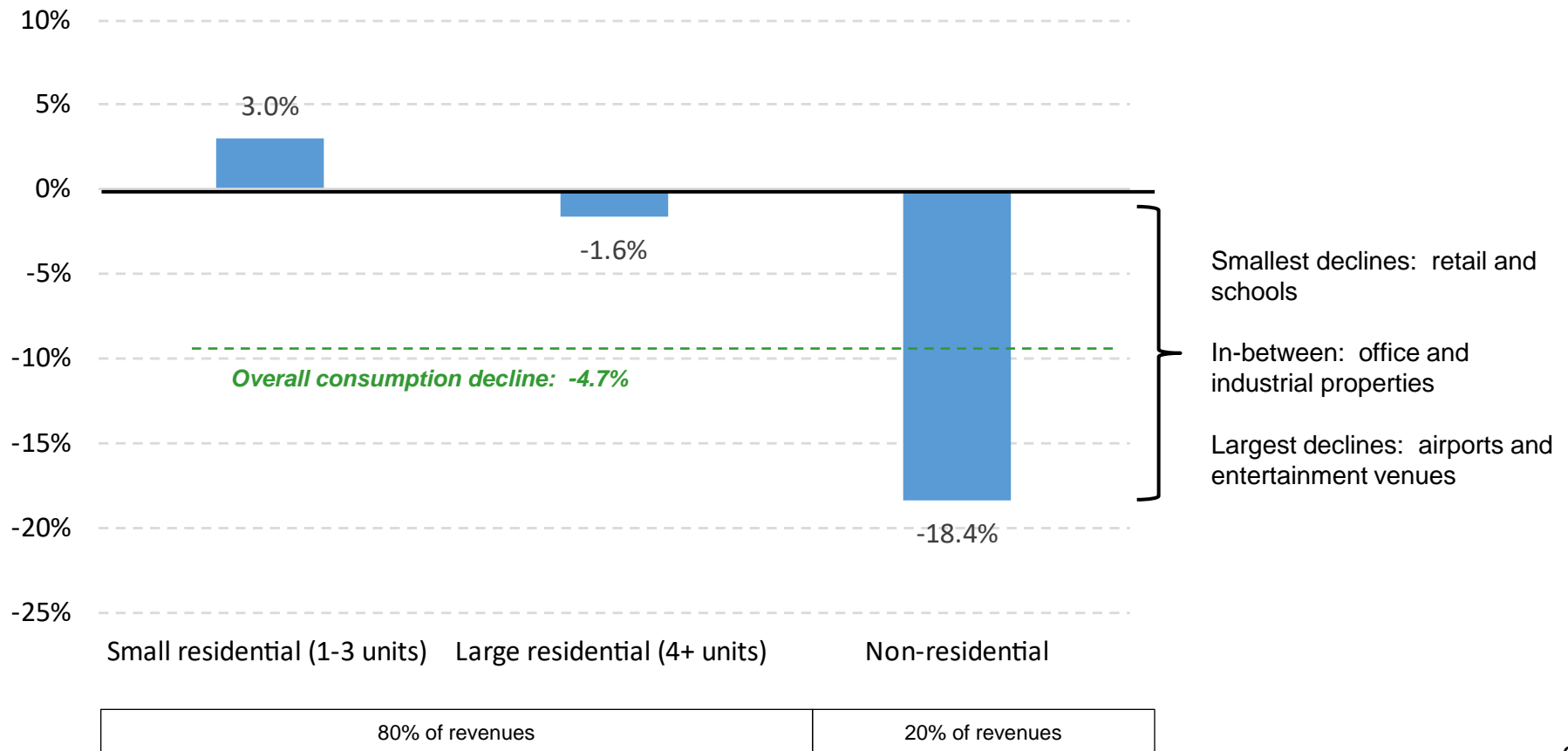


- Operating revenues are -\$194 million lower than this time last year
- The Board's FY 2021 budget assumed revenues would be reduced due to the pandemic
- The system still faces considerable financial uncertainty, and there is less financial cushion than prior to the pandemic
- Overdue bills at the 180 day mark as of April 30 are +27.3% higher than last year, including an additional 15,931 newly delinquent accounts since last year

Financial Hardship and Lower Water Use Reduced Revenues

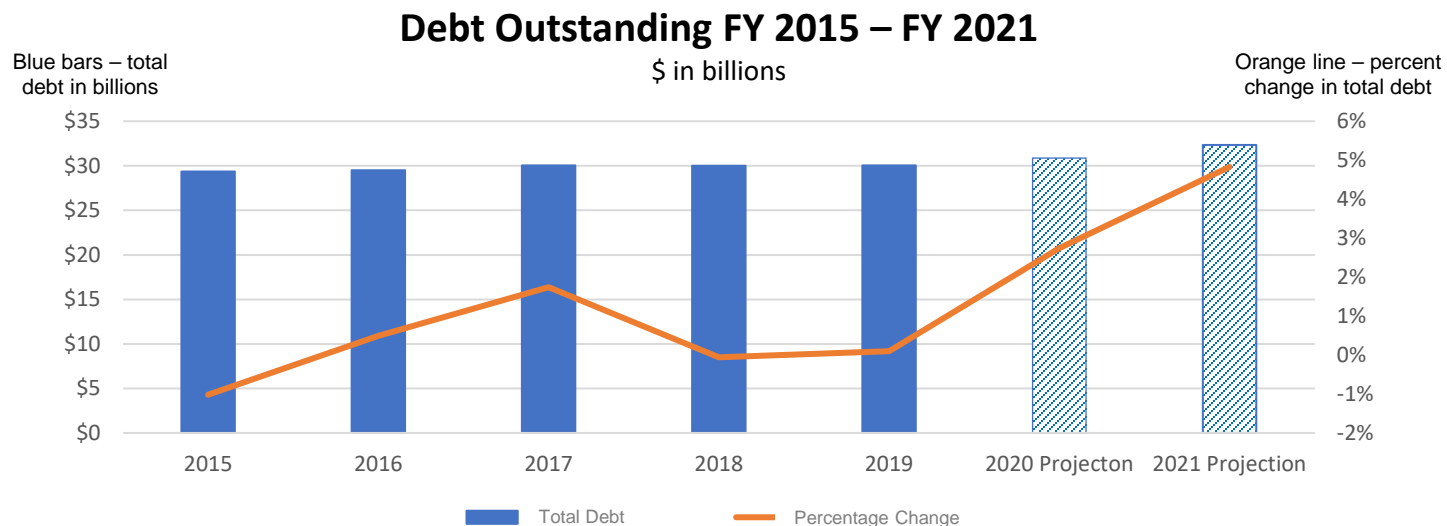
- Non-residential property categories have seen large reductions in water use compared to FY 2020
- Larger, multi-family residential properties are also seeing lower water consumption
- Smaller residential properties are seeing somewhat higher water consumption

**Water Use by Metered Customers Through April 30 –
Change in FY 2021 vs. FY 2020**



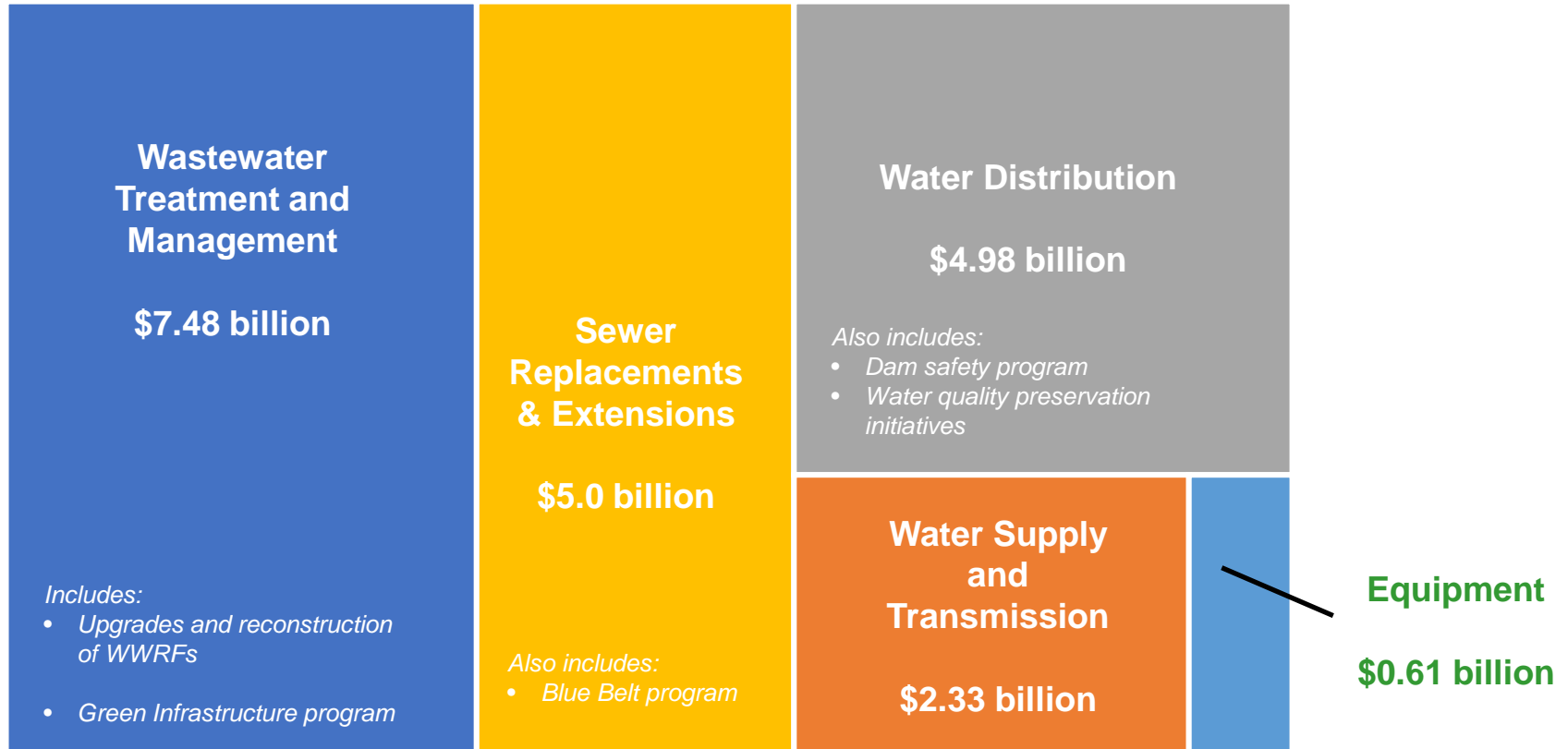
Bond Financing Program Update

- Most DEP construction projects are paid for using cash raised by selling bonds
- The municipal bond market has recovered from the pandemic-driven dislocation of March 2020, caused by mutual fund investors selling their municipal fund investments
- NYW borrowing costs declined towards the end of calendar year 2020, but have recently trended up due to expectations of higher rates of inflation
- The short-term SIFMA index, against which NYW's variable rate debt is priced, peaked at 5.2% on March 18, 2020, but has averaged 0.09% since July 2020
- NYW bond ratings are unchanged from before the pandemic, and remain highly rated
- Balance sheet forecast indicates outstanding debt will increase by 2% by the end of FY 2021 and by another 4.3% by the end of FY 2022



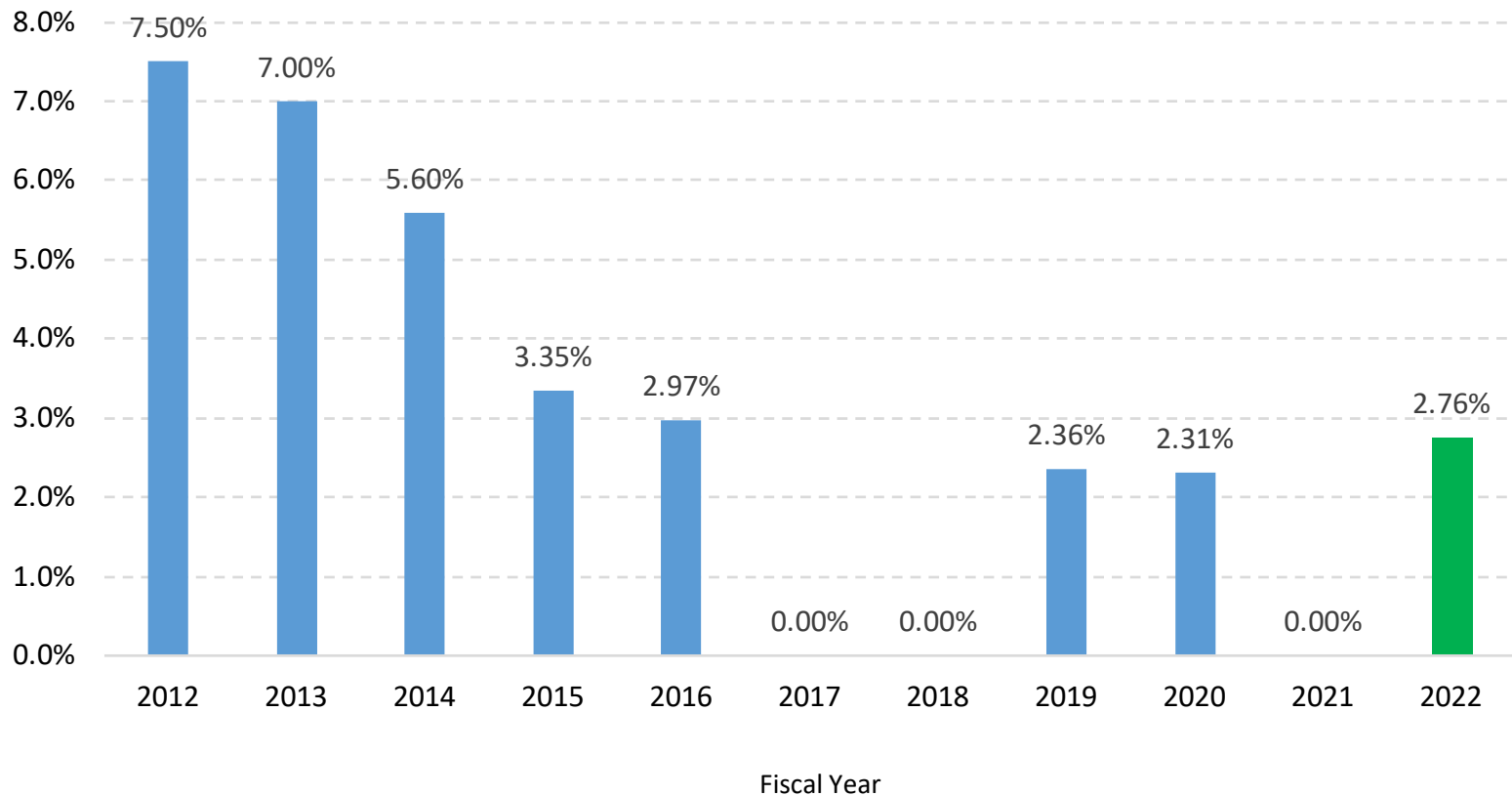
System Ten-Year Capital Investment Plan

Total City capital project funds, FY 2022 – FY 2031: \$20.4 billion



Rate Proposal to be Effective July 1, 2021

- Proposing a **2.76% rate increase** for customers in New York City
- **\$30 million** for customer affordability programs, a **+\$10 million expansion representing a +50% budget increase**
- **No budgeted rental payment for FY 2022**



Increase to a Typical Monthly Bill Would be Small

Annual water and wastewater charges	FY 2021	FY 2022	Monthly Increase
Average Single Family Charge (70k gallons per year)	\$967	\$994	\$2.22
Average Multi-Family Metered Charge (52k gallons per year)	\$718	\$738	\$1.65
Multi-Family Conservation Program (per residential unit)	\$1,052	\$1,081	\$2.42
Minimum Charge Properties (using less than 90 gallons per day)	\$464	\$464	\$0.00

+50% Budgeted Increase to Affordability Programs

	FY 2021 Program Budget (per year)	Proposed Expansion	Proposed FY 2022 Program Budget (per year)
Multi-Family Water Assistance Program (4-unit +)	\$10 million	Additional 8,000 affordable apartment unit credits, for 48,000 total credits of \$250 each	\$12 million
Home Water Assistance Program (1-4 unit)	\$6 million	Larger \$145 bill credit to all recipients, and additional 45,000 new recipients (96,000 total)	\$14 million
Leak Forgiveness Program	\$4 million	Program in line with current terms, 50% bill credit for self-reported leaks that are fixed	\$4 million
Total Affordability Programs	\$20 million	+ \$10 million additional customer affordability funds	\$30 million

Water Rates Remain Affordable Compared to Peers

Typical Annual Residential Water Charges

		New York City	30 Large City Average ¹	NYC vs. Average
Based on 80k gallons per year	2016	\$1,055	\$1,101	-4.2%
	2017	\$1,055	\$1,156	-8.7%
	2018	\$1,055	\$1,205	-12.4%
Based on 70k gallons per year	2019	\$945	\$1,119	-15.5%
	2020	\$967	\$1,173	-17.6%
	2021	\$967	\$1,216	-20.5%
	2022	\$994	NA	NA

Note 1: based on rates in effect as of February of each calendar year

Rate Schedule Part IV, Section 2: **Multi-family Conservation Program**

- Properties enrolled in the Multi-family Conservation Program are required to file paperwork demonstrating they are in compliance with the Program's terms
- A group of properties that were automatically enrolled in the Program several years ago have not yet filed supporting paperwork
- These properties may, or may not be in compliance, and some may just be unaware of their filing obligation, though otherwise in compliance with program requirements
- The profile of this pool of properties is weighted toward the types of multi-family properties that are affordable to middle or lower income households
- Given the ongoing financial stresses of the pandemic and the affordability-oriented nature of the properties in question, the proposed Rate Schedule modification would suspend the penalty for failing to provide supporting paperwork for an additional year, through June 30, 2022

Rate Schedule Part VI, Section 3: **Late Payment Charges**

- New York State Law requires the Board to charge late interest on overdue water and wastewater bills
- State Law provides that the interest rate to be charged should be the same as the late interest rate on overdue property tax bills in New York City
- For many years, a two-tier interest rate has been in effect for unpaid City property taxes, based on whether a property's billable assessed value is more or less than \$250,000 ^a (the current interest rates are 5% and 18% for lower and higher property valuations, respectively)
- Due to computer system limitations, DEP has a longstanding practice of billing all overdue charges at the lower (currently 5%) rate, which is reflected in the Rate Schedule
- With the upcoming launch of DEP's new computer billing system, two interest rate tiers will be used for billing, upon release of the new software
- The proposed Rate Schedule modification re-restates that the billing policy for late interest charges is the statutory requirements of State Law, with the specific interest rates charged set in accord with City Council law based on Banking Commission recommendation

^a \$250,000 of billable assessed value corresponds to approximately \$4 million of true fair market value for a 1-3 family home

Rate Schedule Part IV, Section 6: **Comprehensive Water Reuse**

- Existing Rate Schedule provisions provide for a 25% discounted water rate for properties that install water recycling assets
- The Board and DEP are generally supportive of water recycling improvements, since they reduce both primary demand for water and the quantity of wastewater requiring treatment
- A development trend the existing Rate Schedule does not address is water recycling assets shared by different properties, in some instances with different rates of contributions to, and withdrawals from, the recycling asset
- The proposed Rate Schedule modification would allow a group of properties sharing a single recycling asset to apply collectively for the discounted water rate, provided that:
 - The properties connected to the recycling asset reduce primary water demand by at least 25%, measured in aggregate
 - Each property submits a complete, standalone application
 - Discounts are only available based on completed construction, not on blueprints
 - A detailed engineer's report is submitted
 - Coordination of information exchange and paperwork when there are different owners, or changes of ownership, is the responsibility of the property owners

Rate Schedule Part III, Section 6: **Property Served by a Private Wastewater Treatment Plant**

- Existing Rate Schedule provisions provide for a 76% discounted wastewater charge when a property has a private wastewater treatment plant installed and meets certain criteria
- The proposed amendments to this Rate Schedule section would achieve two things:
 - First, extending the availability of a wastewater discount to a group of properties sharing a private wastewater treatment plant, in a similar manner to how the water reuse discount would be extended to a group of properties, and based on similar requirements for documentation and coordination among different owners
 - Second, the existing Rate Schedule language limits the availability of the discount to properties that do not release any wastewater into the City sewer system, thus prohibiting wastewater systems that periodically do release some wastewater, but are otherwise highly efficient, from receiving any billing benefit
 - The proposed revision would make the billing discount for private wastewater treatment plants available to properties, or groups of properties, that release less than 10% of the annual wastewater flow of the property or group of properties

Preliminary Water Board Financial Outlook

Million of dollars	Estimated FY 2021	Preliminary FY 2022	Comment
Water Authority funds for debt service and cash-funded capital investment or defeasance of existing debt	\$1,808 (51%)	\$1,771 (51%)	Debt service reflects outstanding fixed rate and variable rate bonds and new debt to fund the capital investment plan
DEP operations and maintenance, net	\$1,490 (42%)	\$1,629 (46%)	FY 2021 amount is net of a \$94 million offsetting credit for under-spending during FY 2020
Water Board and Water Authority combined expense budgets	\$101 (3%)	\$110 (3%)	No significant changes
One-time reinstatement of rental payment to the City	\$137 (4%)	\$0 (0%)	No rental payment budgeted for FY 2022
Total projected expenses	\$3,536	\$3,510	No budget growth, due to elevated delinquencies, lower water use, and lien sale limits

Schedule for Hearings and Next Meeting

Event	Date	Location	Time
In-City Public Hearing No. 2	Wednesday June 2	Phone: (347) 921-5612 Access code: 875 205 402 #	6:00 pm
Budget and Rate Adoption Meeting	Monday June 14	Phone: (347) 921-5612 Access code: 323 706 678 #	9:00 am



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