

NEW YORK CITY WATER BOARD

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT a meeting of the New York City Water Board will be held on Monday, December 9, 2024 at 8:30 a.m. at 255 Greenwich Street, 8th floor conference room S1/S2, New York, New York 10007.

The meeting will be held as an in-person meeting. The materials that will be discussed at the meeting will also be made available on the Board's website. A recording of the meeting will be posted to the Water Board's website at nyc.gov/waterboard after the meeting.

The public is welcome to submit questions to the Board before or after the Board's meeting by sending an email to nycwaterboard@dep.nyc.gov or by telephone using phone number 718-595-3591. The Board's meetings themselves are designed to present the Board with an opportunity to discuss and conduct its business in an open, public forum. The public is welcome to attend and observe, and members of the public are requested to refrain from asking questions while the Board is in session, and to submit questions before or after – but not during – the meeting.

NEW YORK CITY WATER BOARD MEETING

Monday, December 9, 2024 - 8:30 A.M.

Location: 255 Greenwich Street
Eighth Floor, Room S1/S2
New York, New York 10007

AGENDA

1. Roll Call
2. Resolution: Approval of Minutes of October 9, 2024 Meeting
3. Resolution: Partnership with the Fuse Corp for the 2025 to 2026 Program Cycle
4. Resolution: Approval of Consulting Agreement with Greg Ascierito
5. Resolution: Extension of the Board's 2021 Design-Build Agreement with Ove Arup and Partners, P.C.
6. Presentation: Department of Environmental Protection Update on Developments North of the City
7. All Other Board Business or Topics for Discussion

**MINUTES OF THE MEETING OF THE
NEW YORK CITY WATER BOARD**

October 9, 2024

A meeting of the New York City Water Board (the “Board”) was held on Wednesday October 9, 2024 at 255 Greenwich Street, Manhattan, New York in the 8th floor conference room, beginning at approximately 9:15 a.m. The following members of the Board attended the meeting:

Alfonso Carney,
Evelyn Fernandez-Ketcham,
Adam Freed,
Jukay Hsu, and
Daniel Zarrilli

constituting a quorum. Mr. Carney chaired the meeting and Albert Rodriguez served as Secretary of the meeting. Board officers Executive Director Nerissa Moray and Treasurer Omar Nazem were in attendance, and were joined by Rohit Aggarwala and Albert Kramer from the City’s Department of Environmental Protection and by Christian Wagner from the water and wastewater system’s auditors at Grant Thornton.

Approval of the Minutes

The first item on the agenda was approval of the minutes of the Board’s previous meeting held on September 9, 2024. Upon motion duly made and seconded, the minutes of the meeting held on September 9, 2024 were put to the members for a vote. The members in attendance unanimously approved the minutes by a voice vote.

Audited Financial Statements for Fiscal Year 2024

Mr. Nazem presented a summary of the Board’s financial results for Fiscal Year 2024,

noting that the Board’s revenue for the year exceeded the budgeted level and updated the Board that revenues for Fiscal Year 2025 were ahead of plan. Mr. Nazem explained the Fiscal Year 2024 results as driven by an increase in rates for the year and by DEP’s revenue enforcement efforts, including enrolling customers in payment agreements. Mr. Nazem also described the Board’s investment results, explaining that the Board’s strategy of purchasing short-term U.S. government Treasury bills was a profitable strategy for the Board in Fiscal Year 2024, with investment income reaching \$35 million, following \$31 million of investment earnings in Fiscal Year 2023.

Chairman Carney reminded the Board that he and Member Freed are the Board’s representatives to the joint audit committee, alongside members of the Water Finance Authority. Member Freed summarized the discussion from the joint audit committee’s recent meeting, and briefed the Board on some of the artificial intelligence tools being adopted by audit firms. Following Member Freed’s briefing, Chairman Carney provided the joint audit committee’s recommendation that the Water Board vote to approve the financial statements. Executive Director Moray provided a final detail, noting that the auditors did not identify any significant negative findings during their audit.

Following the discussion, the members in attendance unanimously approved the resolution approving the financial statements by a voice vote.

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 joint Audit Committee Charter and the Board

resolution of January 25, 2008 establishing the joint Audit Committee, the Board and the Authority each acting separately, after receiving a recommendation from the joint Audit Committee, shall annually approve the audited financial statements of the System; and

WHEREAS, on October 7, 2024 at 9:30 a.m., the joint Audit Committee met with the independent auditors and reviewed their report on the System’s audited financial statements for the fiscal years ended June 30, 2024 and June 30, 2023; and

WHEREAS, the joint Audit Committee at its October 7, 2024 meeting indicated that it believes the independent auditors’ report and the financial statements are reasonable and appropriate and has recommended that the Board and the Authority accept the independent auditors’ report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board hereby accepts the independent auditors’ report on the audited financial statements of the System for the fiscal years ended June 30, 2024 and June 30, 2023 and authorizes the release of such audited financial statements, provided that both the independent auditors’ report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

Investment Report and Investment Guidelines

Following the earlier update on the Board’s investment results, Treasurer Nazem summarized the Board’s investment guidelines, explaining that no modification to the guidelines were being proposed to the Board, and that the staff intended to continue a similar strategy of purchasing short-term U.S. Government securities as its principal asset class. Following the presentation, the members

in attendance unanimously approved the resolution by a voice vote.

RESOLUTION

WHEREAS, the New York City Water Board (the “Board”) adopted Investment Guidelines to establish policies for the investment of its funds on May 2, 1986 and subsequently amended the Investment Guidelines on October 24, 1990 and February 14, 1997; and

WHEREAS, pursuant to the Investment Guidelines, the Board is required annually to review and approve both the Investment Guidelines and an Investment Report; and

WHEREAS, the Board has reviewed the Investment Guidelines as contained in the Fiscal Year 2024 Investment Report and finds both the guidelines and report to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Guidelines and the Fiscal Year 2024 Investment Report, copies of which will be filed with the minutes of this meeting, are hereby approved.

Update on DEP Strategic Initiatives

Commissioner Aggarwala led a presentation outlining DEP’s strategic planning efforts that followed completion of a strategy consulting and benchmarking assignment by the Board’s independent consultants at McKinsey and Company. The Commissioner explained that the strategic plan based on the work was authored in-house by DEP staff, and that the strategic plan took a long-range planning horizon of 20-30 years.

The Commissioner described some of the climate change-focused work included in the strategic plan, including engineering studies that the agency was funding and the water quality focus and regulatory compliance section of the study. The Commissioner further described some of his

efforts to engage with the watershed communities, including collaborating on the upcoming renegotiation of DEP's Filtration Avoidance Determination, and described some of the stormwater initiatives that are expected to be part of the plan.

The Commissioner identified environmental justice as a priority policy area for DEP and City Hall, an area that includes among other themes achieving state of good repair for the City's wastewater treatment plants, many of which are located in environmental justice neighborhoods.

Member Hsu asked how the agency was thinking about some of the emerging themes in the utility industry, flagging cybersecurity as an area of particular importance. Commissioner Aggarwala described some of his efforts in the area and noted the City's Cyber Command as a key entity in managing the City's municipal technology systems, adding that DEP also worked with the Department of Homeland Security to ensure the security of City systems. The Commissioner also noted the challenges with hiring employees with information technology, including employees with skills in the information security area.

Commissioner Aggarwala proceeded to describe the agency's focus on business process modernization, characterizing it as occurring in the context of a large civil engineering organization and linking some of the agency's challenges to the evolving shape of the capital investment plan. Member Hsu asked how the agency thinks about implementing new ideas in the context of the capital plan, in response to which Commissioner Aggarwala described a collaborative process that included, among other parties, DEP, the Water Board, and the City's budget office, using the example of the new City water tunnel to illustrate his point. Along with Member Freed, Member Hsu requested further information about the Board's role in determining capital investment priorities, asking about the scope of the Board's responsibilities in selecting investments. Commissioner Aggarwala described final authority over the capital plan as residing with the City's budget office and City Hall. Member Freed requested that DEP return to the Board and provide an update on the final provisions of the strategic plan as approved and to publicly present the plan in its final form.

Member Zarrilli asked for an update on discussions about the Board's concerns about the

rental payment. Commissioner Aggarwala characterized the rental payment as not within DEP's control and emphasized that the focus was on ensuring that, if requested, the rental payment would not interfere with the system's core capital project needs. Member Zarrilli mentioned that he had seen information about new fluoride regulations, and DEP agreed to provide Member Zarrilli with an update at a future time.

Presentation on Initiatives Involving Residential Water Lines

Commissioner Aggarwala presented the Board with an update on federal rulemaking concerning municipalities with lateral water service lines containing lead content, describing recent rulemaking as focused on ensuring that municipalities with such lines arrange for their replacement over a ten-year timeframe and provide for water filters in the interim and occurring in the context of growing attention and strictness with respect to the detectable quantities of lead material. The Commissioner reminded the Board that the public can request lead testing kits and a water filter from DEP.

The Commissioner indicated that estimates of the number of lines with at least some lead content in the City might be in the estimated range of 150,000 lines, and described one conclusion of a recent DEP analysis that established there was little relationship between income and the likelihood of a line with lead content connected to a property. The Commissioner noted that some federal money would be available, indicating that \$120 million from the Bipartisan Infrastructure Law for lead line replacements might be available, although further noting that the total cost of replacing all lead lines would likely exceed that amount. Member Fernandez-Ketcham asked about the potential incidence of lead lines connected to school buildings, a situation not currently faced by the City and that DEP works proactively with DCAS to address through a joint review of City-owned properties.

Secretary Rodriguez expanded on the discussion, explaining that the new federal rules do not require municipalities to pay for the line upgrades, but do require the municipalities to make plans to effectuate the replacement of lines with lead content.

Commissioner Aggarwala described some of the City's efforts to facilitate the replacement of lead lines, including City-managed lead lateral line replacements in instances when DEP or the City's

Design and Construction Department was undertaking construction of the connecting City water mains and the property owner agreed to a City-managed replacement. Commissioner Aggarwala noted that \$48 million of funding had been obtained for lead line replacements through the Environmental Facilities Corporation. In response to a question from Member Fernandez-Ketcham, Commissioner Aggarwala explained that DEP is communicating with property owners about the material content of their lead lines and proceeded to describe some of the notification requirements under federal rules and some of the City's messaging with respect to lead lines. Member Zarrilli asked if there is a mechanism for property owners to find information about the lead content of their water lines, in response to which Commissioner Aggarwala stated that DEP has an online database that the public can use for research that contains information about the material content of residential lead lines.

Update on Multifamily Affordability

As part of the next agenda item, Commissioner Aggarwala updated the Board on the Multifamily Conservation Program (MCP), a billing policy that is part of the Board's rate schedule. Commissioner Aggarwala characterized the program's purpose in its current form as providing stability to DEP and to the customer and supporting affordable housing, while also noting that the range of water consumption by properties in the MCP program varied significantly.

DEP's Deputy Commissioner of Customer Services Albert Kramer presented the next section of the update to the Board. Mr. Kramer summarized the program's eligibility requirements, noting that the requirements made the rate available to residential properties with four or more apartment units, a meter and transmitter, a billing account up to date on its DEP bills, and with water efficient fixtures installed in at least 70% of the residential units. Deputy Commissioner Kramer explained that the amount of annual customer billings that used the MCP involved approximately \$1 billion per year of revenues, and noted that in addition to the financial dimension, water conservation was also one of the objectives of the MCP program, and that both objectives needed balancing when thinking about the structure of the rate. Mr. Kramer noted that some customers could save money by switching to metered billing from the MCP flat rate, but nonetheless preferred to remain on the MCP flat rate

because of the predictability.

Deputy Commissioner Kramer explained further that approximately 24,000 customers were enrolled in the MCP rate, which was a reduction from 30,000 accounts in earlier years. Mr. Kramer presented data showing the range of water consumption by properties under MCP billing, noting that there is a set of properties that use significantly more water than the equivalent amount of water that could be purchased for the same cost using metered rates. Mr. Kramer added that as water meters age, they tend to under-register water usage and that replacing older meters can lead to additional revenues, noting that DEP was working with the City's Office of Management and Budget on a meter replacement program intended to install new and accurately recording water meters in place of older meters. Commissioner Aggarwala noted that the consulting work through the Board's contract with McKinsey had also identified meters as an area of focus for the agency's strategic plan.

Deputy Commissioner Kramer described the current MCP account base as showing a 75% compliance rate with the program's requirements, noting that the City Housing Authority had demonstrated compliance with the program requirements since the start of the MCP rate in 2012, and adding that the compliance status of the remaining 25% was unknown. Mr. Kramer added that understanding water usage at MCP accounts and assessing accounts with overdue account balances were both likely to be areas of focus for DEP with respect to the future direction of the MCP program.

Member Fernandez-Ketcham asked if the Board could receive additional information about the customer base as DEP proceeded with its evaluation of the account base, information that Commissioner Aggarwala agreed that DEP would provide to the Board.

Presentation on Fuse Corp Fellows

Executive Director Moray explained the Fuse Corp program to the Board, describing Fuse as an organization that recruits midcareer professionals with ten to fifteen years of private sector experience to work in the government. Commissioner Aggarwala noted that DEP was currently working with three Fuse Corp professionals under an existing Water Board contract, and that two of the professionals were working for Executive Director Moray. Commissioner Aggarwala and Ms. Moray described the Fuse program and its overall approach and operating model and proceeded to

describe the project focus of the three current Fuse Fellows. Ms. Moray summarized the project areas of the three current Fuse fellows, which included customer communications work with DEP's Customer Services Bureau, assisting DEP's energy bureau, and a third project involving business process mapping.

Deputy Commissioner Kramer described his experience working with a Fuse Fellow, characterizing the fact that the Fuse Fellows are professionals with previous experience as helpful for purposes of contributing toward the agency's mission. Commissioner Aggarwala added that DEP may request that the Board provide additional funding to continue the Fuse relationship beyond the current contract period.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded, the meeting was adjourned.

/S/
SECRETARY

NEW YORK CITY WATER BOARD

December 9, 2024

RESOLUTION

WHEREAS, pursuant to Sections 1045-b and 1045-g of the New York City Municipal Water Finance Authority Act (the "Act"), the Board is authorized to enter into contracts and to retain private consultants for the purpose of obtaining professional or technical services to assist the Board in carrying out its responsibilities, including tasks relating to the planning, development, financing, or construction of the water and wastewater system of the City of New York (the "System"); and

WHEREAS, the Board's duties under the Act include establishing and collecting water and wastewater rates and charges in an amount sufficient to place the System on a financially self-sustaining basis; and

WHEREAS, the safe and reliable operation of the System by the New York City Department of Environmental Protection ("DEP") is a prerequisite to providing the water and wastewater service that generates the revenues used to fund the System; and

WHEREAS, DEP has requested that the Board assist in the agency's effort to obtain the technical, managerial, and professional staff required to administer the agency and its operating bureaus, and to obtain such supplemental expertise from professionals with previous professional experience in areas relevant to DEP and where the agency has identified an institutional need for the assistance of such skilled professionals; and

WHEREAS, DEP and the Board have identified Fuse Corps as a uniquely qualified organization, with expertise in identifying professionals suitable for government administration with relevant technical expertise in areas such as project management, management information systems, performing strategic assessments for senior leaders, and with experience in assisting early and mid-career professionals with the transition from the private sector to the public sector, and wish to authorize the Board's officers to negotiate suitable and mutually agreeable terms

with Fuse Corp, conducted in accordance with the Water Board's Policy on the Procurement of Goods and Services, in particular, Section 5.i and Section 6, it is therefore

RESOLVED, that the Board's officers are hereby authorized and directed to negotiate a definitive legal agreement with Fuse Corp for up to a two-year term, upon such other terms and conditions as the officers may deem reasonable and appropriate; and be it further

RESOLVED, that the aggregate compensation authorized and payable to Fuse Corp pursuant to this agreement will not exceed \$400,000 during the term of the agreement, a maximum funding authorization reflecting all projects, fellows, and assignments agreed to pursuant to the agreement.

NEW YORK CITY WATER BOARD

December 9, 2024

RESOLUTION

WHEREAS, pursuant to Sections 1045-b and 1045-g of the New York City Municipal Water Finance Authority Act (the "Act"), the New York City Water Board (the "Board") is authorized to enter into contracts and to retain private consultants on a contract basis for the purpose of obtaining professional and technical services to assist the Board in carrying out its responsibilities; and,

WHEREAS, the Board's primary duty under the Act is to establish and collect water and wastewater rates and charges in an amount sufficient to place the water supply and wastewater systems of the City of New York on a self-sustaining basis; and

WHEREAS, the New York City Department of Environmental Protection (DEP), which operates the City's water and wastewater system and serves as the Board's customer service and billing agent, has requested the advice of a consultant retained through the Board to assist with administration of the customer billing database, review of customer bills, and related tasks involving customer account balances or billing inquiries, and to obtain supplemental technical expertise in the areas of water and wastewater billing policies and interpreting such policies for purposes of connecting rates and billing methods with the DEP computer systems used to calculate and prepare customer water and wastewater bills; and

WHEREAS, the Board previously retained Mr. Ascierio on an interim basis on May 19, 2022, following his retirement from City service, having worked at DEP continuously since 1993 in numerous capacities, most recently as Deputy Treasurer for the Water Board; and

WHEREAS, the Board views Mr. Ascierio as possessing valuable knowledge and expertise with respect to water and wastewater billing matters and DEP's computer billing systems, and wishes to authorize the Board's officers to negotiate suitable and mutually agreeable commercial terms with Mr. Ascierio, conducted in accordance with the Water Board's

Policy on the Procurement of Goods and Services, in particular, Section 5.i and Section 6, it is therefore

RESOLVED, that the officers of the Board are hereby authorized and directed to enter into discussions and negotiations of a professional services agreement with Mr. Ascierito, to retain Mr. Ascierito's services as an independent contractor to the Board for a term of agreement not to exceed three years, and upon such other terms and conditions as the officers may deem reasonable and appropriate; and be it further

RESOLVED, that the compensation for services performed for the term of the agreement shall not exceed \$125,000 in any single fiscal year, and under no circumstances shall the amount of aggregate compensation payable during the term of the agreement exceed \$324,000 of Board funds, calculated at an hourly rate not to exceed \$110.00 per hour.

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WHEREAS, the Board's primary duty under the Act is to establish and collect water and wastewater rates and charges in an amount sufficient to place the water supply and wastewater systems of the City of New York on a self-sustaining basis; and

WHEREAS, the safe and reliable operation of the City's water and wastewater system by the New York City Department of Environmental Protection (DEP) is a prerequisite to providing the water and wastewater service that generates the revenues used to fund the system; and

WHEREAS, under the New York City Public Works Investment Act, signed into law on December 31, 2019, and reauthorized and extended in April 2022 until December 31, 2027, DEP received authorization to undertake water and wastewater capital construction projects using a design-build project methodology on a provisional basis; and

WHEREAS, by resolution adopted by the Board at its March 23, 2021 meeting, the Board authorized up to \$1,000,000 of Board funds in connection with retaining a consultant to provide design-build construction advisory services to the Board; and

WHEREAS, by agreement dated November 1, 2021, the Board retained Ove Arup and Partners, P.C. as its design-build consulting advisor, with compensation originally authorized under the agreement not to exceed \$998,267; and

WHEREAS, the Board at its meeting on September 11, 2023 authorized \$200,000 of additional funding for the consultant, resulting in total Board authorized funding of up to \$1,200,000; and

WHEREAS, the Board has identified six capital construction projects that are well-suited for completion using a design-build project methodology, each of which is anticipated to undergo an RFQ/RFP process overseen by DEP; and

WHEREAS, the extension of the legislation until 2027, the identification of six projects, as compared to the up to five projects originally contemplated, and identification of the need to complete CEQR environmental review prior to awarding final design-build contracts has prompted the need for additional time to complete the agreement's scope of work; it is therefore

RESOLVED, that the Board's officers are hereby authorized and directed to negotiate a time extension to the November 1, 2021 agreement, as amended, in order to effectuate a time extension of the agreement extending the term until a date no later than May 1, 2025, provided that the amount of Board funds spent under the agreement will not exceed the previously authorized not to exceed amount of \$1,200,000.