

**NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
BUREAU OF ENGINEERING DESIGN AND CONSTRUCTION
CROTON FACILITY MONITORING COMMITTEE MEETING MINUTES
THURSDAY, MARCH 18, 2010 – 7:00PM**

The Croton Facility Monitoring Committee met on Thursday, March 18, 2010 at the DEP Community Office, 3660 Jerome Avenue, Bronx, NY 10467.

Attending - CFMC representatives:

Damian McShane, Chairman, Community Board # 8; Paul Foster, Chairman, Community Board #7; Father Richard Gorman, Chairman, Community Board #12; Hector Aponte, Bronx Commissioner, Parks and Recreation Department; Jessica Noon, Bronx Borough President's Office; Jamin Sewell, representing Council Member G. Oliver Koppell; Mark Lanaghan, Department of Environmental Protection. Present were staff of DEP's construction manager, and members of the public. Attendees are listed on *Attachment 1*.

Welcome

Mr. McShane, CFMC Chairman, opened the meeting at 7:15 PM. The meeting agenda was available - *Attachment 2*.

Update on Jobs, Subcontracting, Training & Job Fair

In reviewing Croton jobs, Mr. Lanaghan first provided a bar chart, showing a snapshot that included the average total number of construction workers, those from NYC, and those from the Bronx. On an accompanying graph, Mr. Lanaghan talked about the workforce with total workers and total Bronx workers during 2009/first two months of 2010, along with the percentage of Bronx workers. He also distributed a short listing of the Croton contractors' MBE/WBE compliance breakdown, and described the DEP's goals for minority (17%) and women owned (5%) businesses' participation in the project. See *Attachment 3*.

Mr. Lanaghan said that Commissioner Holloway agreed to meet personally with the Croton contractors and with the unions' leadership to talk about DEP's continuing commitment to local jobs on this project. Mr. Lanaghan said that DEP is willing to participate in a jobs fair in cooperation with Bronx Overall EDC or other business development umbrella organizations. Ms. Noon agreed to contact Mr. Lanaghan to follow up. The two prior jobs fairs that DEP co-hosted were briefly discussed. Fr. Gorman recommended partnering again with New Bronx Chamber of Commerce. Messrs. Foster and McShane requested from Mr. Lanaghan additional detail about Croton subcontractors when he presents the next quarterly jobs report. Mr. Lanaghan reported he is making good progress towards finalizing the training classes that the Carpenters Union/New York City College of Technology will hold later this year. Recruitment at the DEP Croton community office to enroll in the classes will soon be underway.

Karen Argenti, Bronx Council on Environmental Quality, asked for the number of people who are working at Croton, including how many are employed by the construction companies and go with the construction company from job to job. She also requested

how many of the workers are referred by unions. Kevin Johns, Amalgamated Houses, said all construction workers, in each category (carpenters, plumbers, laborers, etc.) are referred to the job site by the applicable union hall. Additional discussion among Michael Gary, representative of State Senator Espada, Fr. Gorman, Ms. Noon, and Mr. Johns ensued regarding jobs.

Update on FY 2011 Budget for DEP

Mr. Lanaghan referred to testimony that Commissioner Holloway gave to the City Council on March 8th (*Attachment 4*) along with a presentation Mr. Holloway gave in the Bronx at a meeting hosted by Council Member Vacca on February 18th. (*Attachment 5*) The capital budget will be reduced as the contracts for DEP's most expensive construction projects – contracts for Newtown Creek upgrade; Croton Filter Plant; and the UV Disinfection Project have been registered. The DEP expense budget will be reduced by 8% pursuant to the Mayor's requirements. Mr. Lanaghan offered to give further updates on DEP's budget at future meetings and in conjunction with the NYC Water Board rate-setting program.

Construction Update

Bernard Daly, Croton Executive Project Manager, gave the construction report (*Attachment 6*) detailing construction status through mid-June.

The CRO-312 contractors are continuing activities at the Van Cortlandt Park (VCP) site. Concrete placement should be 95% in place by September. Utility work and retaining wall construction at the plant's entrance continue, along with installation of masonry walls, precast concrete planks, platforms, tanks, piping and switchgear. Electrical, HVAC and plumbing work are proceeding.

The CRO-313 contractor continues placement of nine foot diameter pipe in the Treated Water Tunnels. The contract is on schedule to be completed ahead of time.

The Contract CRO-315 work includes testing of the chlorine scrubber system in Gate House No. 5. Scrubber installation is complete; however, the scrubber is not in service since there is no water in the Jerome Park Reservoir (JPR) basins, and there is no drought. Removal of the foundation of the Demonstration Filter Plant will proceed in the near future. Final use for the area where the Demonstration Filter Plant had been located has yet to be determined. Mr. Daly said the area will be planted with grass in 2012 or 2013 when the Croton Filter Plant goes on line.

The CRO-312 OS contractors have begun controlled blasts behind the 20' high noise wall around the JPR Shaft and Meter Chamber site. There were three test blasts on Tuesday, March 16th and four controlled blasts today, March 18th. All controlled blasts were well within allowable noise levels. Mr. Daly said that during two days of controlled blasting, workers were able to excavate rock that would have taken one month using a hoe ram. DEP continues to coordinate regularly with Bronx HS of Science and other nearby properties.

Fr. Gorman asked how decisions are made on allowable measurements of noise and vibrations of controlled blasting. Mr. Daly said that there is first an engineers' assessment for controlled blasting. The construction contract contains levels with which the contractor must adhere. A review level is also set. FDNY closely monitors all blasting activities and works with blasters on the site.

Lynn Schwarz, FIPNA, asked whether any of the nine seismographs are located at or near Fort Independence Park. Mr. Daly said none is placed at the Park because the noise and vibrations would be extremely low that far away. Seismographs are placed closer to the excavation.

Anne Marie Garti, Jerome Park Conservancy, spoke about her concerns with the vulnerability of the reservoir wall. Mr. Daly said the contractor prior to blasting had to drill a separation slot between the wall and the rock to be removed at the Shaft & Meter Chamber to carefully control vibrations near the wall. Ms. Garti asked that the Old Croton Aqueduct be visually inspected. She would like to be present when the inspection is done. Mr. Daly said an inspection is going to take place in about two months.

Mr. Daly said that on the Sedgwick Avenue side of the reservoir there had been some construction taking place at the Overflow Weir and in April there will be work performed along the dividing wall under another contract, CRO-334.

With respect to the JPR South Basin ramp, construction is needed near Gate House 6 and it must be done while the New Croton Aqueduct is out of service. This work will include removal of the slab and then rock removal. Ms. Argenti cautioned that the south basin work will take place near the High School of American Studies and Our Lady of Angels Elementary School. Ms. Garti said the work in the South Basin is not in the EIS. In addition, JPR is on the list of State and National Historic Registers. She said that SHPO hasn't approved the work and any alteration must go to SHPO for review. Mr. Daly said this issue would be clarified by DEP. Ms. Argenti and Mr. McShane asked to have the information before or at the next CFMC meeting. Fr. Gorman said the CFMC must know ahead of time if historical materials are being compromised. Mr. Garti said she would email to the CFMC the applicable Memorandum of Understanding. Ms. Argenti said construction should be delayed so the public can review all of the information. Mr. McShane asked DEP to perform due diligence and report back to the CFMC.

Mr. Daly said that work continues within Gate Houses 1, 2, and 3. He again stated that no water is expected to be introduced into the JPR basins in the near future and no chlorine is on site. He added that filling the basins depends upon the status of the New Croton Aqueduct work taking place under contract CRO-334 in various locations. He said that the CRO-334 contractor is mobilizing to work on the dividing wall at JPR in the near future as previously mentioned.

The Force Main digging of test pits is expected to start on March 22, once the contractor has obtained all necessary street permits for the work. The contractor will begin digging

test pits at Webster Ave. and 170th Street. The FMC and community boards will receive further information about the contractor's schedule as the information becomes available.

Open Items

Mr. McShane briefly mentioned open items of interest to the CFMC. These include the pedestrian bridge over the Major Deegan Expressway (MDE) to connect VCP; the golf course design; an urban ecology lab at JPR; and the above ground buildings & landscaping at VCP. DEP and Parks were asked whether the report about feasibility of the pedestrian bridge can be discussed at the April CFMC meeting. Ms. Argenti raised the importance to the community of the urban ecology lab. Ms. Garti said that the land the community wants for the urban ecology lab reverts to the Parks Dept after the Croton Filter Plant goes on line. Mr. Lanaghan suggested that Mr. Aponte have discussions about the future of the area with Ms. Garti and Ms. Argenti, keeping Mr. Lanaghan in the loop. Mr. McShane requested that Bob Bender, Community Board #8, be included in the discussions.

Mr. McShane spoke about a date for a site visit to VCP which had been requested by Fr. Gorman. The date of Tuesday, April 13 at 7:30 am was selected.

Adoption of CFMC Meeting Minutes from February 24, 2010

Mr. McShane asked if the committee would approve the February meeting minutes. Fr. Gorman offered two corrections: the minutes should correct the reference to DEP's Commissioner going to community groups directly. Instead, the minutes should state that the Commissioner not ignore CFMC but use the CFMC as a primary resource; the minutes should also eliminate reference to Gary Axelbank's affiliation since he said his comments reflected his views only, not those of BronxNET. With these changes, the February minutes were unanimously adopted.

CFMC Discussion

The CFMC will next meet on April 15, 2010 at 7 pm. The agenda will be determined; however, it is proposed to include an update from Parks on jobs and Croton projects, and a discussion about the pedestrian bridge.

Mr. McShane moved to adjourn, and the representatives unanimously agreed to adjourn at 8:45 PM.

3/18/2010

NYC DEP - CROTON FMC

Attachment 1

<u>Name</u>	<u>Organization / Company</u>	<u>Address</u>	<u>Phone</u>	<u>Fax</u>	<u>E-Mail</u>
Thomas Farrell	URS-MP Construction Management	3701 Jerome Avenue Bronx, NY 10467	(718) 696 2000	(718) 324 3034	thomas.farrell@shwgrp.com
Karen Argenti	Bronx Council on Environmental Quality	PO Box 346 Bronx NY 10471	(646) 529 1990		kabx101@gmail.com
Lynn Schwarz	FIPNA	3332 Giles Place Bronx NY 10463	(718) 543 2457		lsbx101@gmail.com
Kevin F. Johns	Amalgamated Houses/IUOE 15	3967 Sedgwick Ave #18A Bronx NY	(917) 202 0212		kevin19572@verizon.net
Hector Aponte	Bronx Parks Commissioner	1 Bronx River Parkway Bronx NY	(718) 430-1801	(718) 430-1818	hector.aponte@parks.nyc.gov
Martha Holstein	Strategic Urban Solutions, Inc.	335 Adams Street Brooklyn, NY 11201	(718) 625-1005 x. 223	(718) 625-1032	mholstein@urbansol.com
Bernard Daly	DEP BEDC Project Manager	3701 Jerome Avenue Bronx, NY 10467	(718) 696-2000	(718) 324 3034	bdaly@dep.nyc.gov
Ilona Linins	Lehman College	250 Bedford Park Blvd. Bronx NY	(718) 960-8988		ilona.linins@lehman.edu
Robert Barnes	DEP Community Outreach Office - Croton	3660 Jerome Avenue Bronx, NY 10467	(718) 231-8470	(718) 231-8857	robertbar@dep.nyc.gov
Jessica Noon	Office of Bronx Borough President Ruben Diaz Jr	851 Grand Concourse Bronx NY 10451	(718) 590-3881	(718) 590-2698	inoon@bronxbp.nyc.gov
Anne Marie Garti	Jerome Park Conservancy	3967 Sedgwick Avenue Bronx NY	(718) 601-1322; (718) 884-7864		annemarie@att.net
Father Richard Gorman	Chair, Community Board #12	4101 White Plains Road Bronx NY 10466	(646) 284 4973		rgorman@cb.nyc.gov
Mark Lanaghan	Asst Comm, Intergov. Affairs DEP	59-17 Junction Blvd. Corona NY 11368	(718) 595-3519	(718) 595-3477	mlanaghan@dep.nyc.gov
Damian McShane	Chair, Community Board #8	5676 Riverdale Ave Bronx NY 10471	(718) 884 3959		dmoshane@panynj.gov
Richard Barr	Bronx HS of Science Parents Association	203 W 86 Street New York NY 10024	(212) 877 2694		richardedbarr@aol.com
James Martinez	URS-Malcolm Pirnie CM	3701 Jerome Avenue Bronx NY 10467	(718) 696 2000		jmartinez@pirnie.com
Paul Foster	Chair, Community Board #7	229a East 204th Street Bronx NY 10458	(718) 933 5650	(718) 324 3034	pfoster@optonline.net

Attachment 2

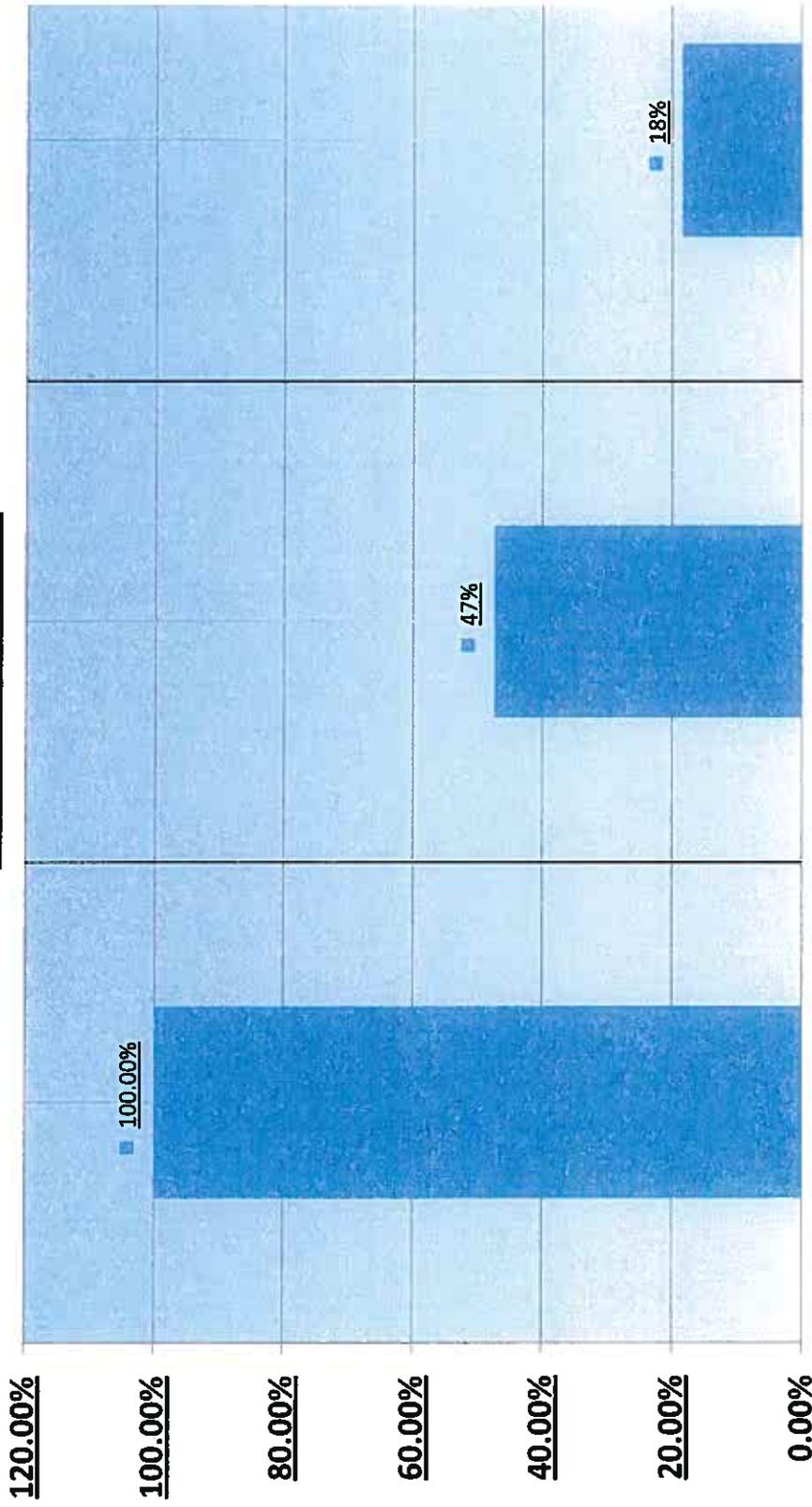
Agenda
Croton Facility Monitoring Committee Meeting
Thursday, March 18, 2010 – 7:00 PM
DEP Community Office, 3660 Jerome Avenue, Bronx NY 10467

- | | |
|-----------------------------------------------------------------------------|--------------------------|
| I. Welcome | Damian McShane, Chairman |
| II. Update on jobs, purchases, subcontracting and training, job fair | Mark Lanaghan, DEP |
| III. Update on FY 2011 Budget Implications for DEP | Mark Lanaghan, DEP |
| IV. Construction Update and Look-ahead | Bernard Daly, DEP |
| V. Review of Open Items | Damian McShane |
| VI. Consider, Adopt 2-24-10 Minutes | CFMC Principals |
| VII. CFMC Discussion, Set Next Meeting | CFMC Representatives |
| VIII. Adjourn | |

Upon the Chairman's recognition, the CFMC invites members of the public to ask questions and make comments throughout the meeting

CROTON WATER TREATMENT PLANT

Construction Workers



942

442

173

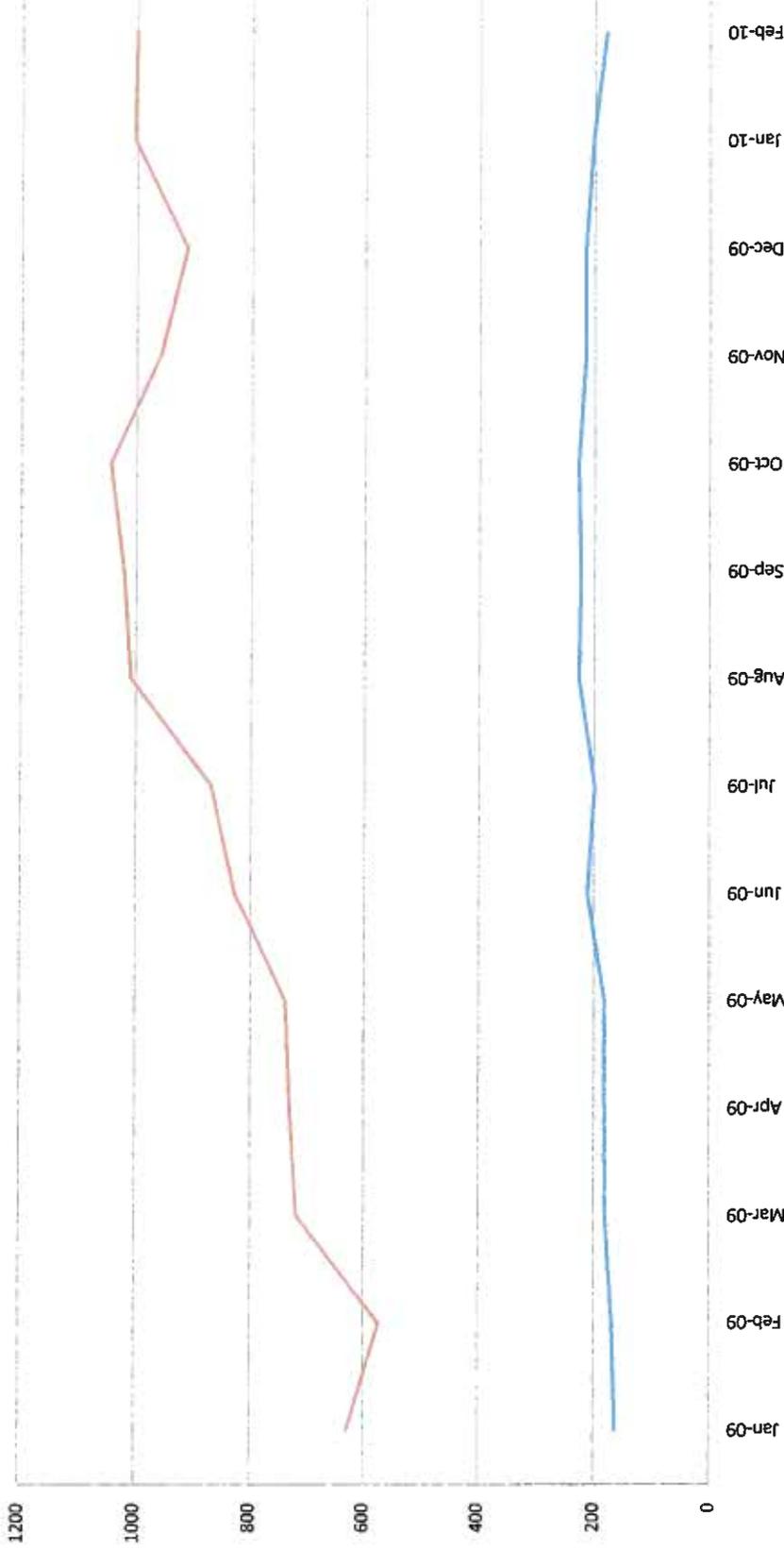
Total

NYC

Bronx

CROTON WATER TREATMENT PLANT

Workforce Monthly Average



	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10
Workers Bronx	163	168	180	181	181	212	199	227	224	228	216	216	203	180
Workers Total	629	573	718	730	738	827	869	1009	1021	1045	959	912	1004	1001
Bronx Workers %	26%	29%	25%	25%	25%	26%	23%	22%	22%	22%	23%	24%	20%	18%

Total Average Overall 23%

**Testimony of Caswell F. Holloway
Commissioner, New York City Department of Environmental Protection (DEP)**

**New York City Council Committee on Environmental Protection
FY 2011 Preliminary Budget
March 8, 2010**

Good morning Chairman Gennaro and Members. I am Cas Holloway, Commissioner of New York City Environmental Protection. Thank you for the opportunity to testify on the Fiscal Year 2011 Preliminary Budget.

As this is my first appearance before the Committee as Commissioner, I would like to briefly explain some of the work we've been doing over the past nine weeks as context for a discussion of the Preliminary Expense and Capital Budgets for Fiscal Year 2011.

Since I started on January 1st, I have been focusing on DEP's four core functions:

- To supply, distribute and treat the one billion-plus gallons of water that flow daily into New York City from our upstate watersheds and out of New York City into the harbor after treatment;
- To provide excellent customer service to the 834,000 account holders whose revenue makes this system work; and to the 9 million people in and out of the City who enjoy our water;
- To make all the investments necessary to ensure the system meets or exceeds the applicable environmental standards as well;
- To work closely with our regulatory partners to implement Mayor Bloomberg's PlaNYC Agenda and provide clean air, water and a healthy overall environment for the people who live, work in and visit New York City.

We are currently developing a strategic plan that will set out goals and metrics in each of these four core areas, and in the fourth area, which we refer to internally as "Air, Water, and the Environment," I have created a new position—Deputy Commissioner for Sustainability—who is responsible for making sure that PlaNYC—and the sustainability principles that are its foundation – become part of the way DEP builds and operates. Carter Strickland, formerly of the Mayor's Office of Long-Term Planning and Sustainability, has been on the job since January and we're off to a fast start.

As this Committee knows, DEP's portfolio is staggering in its size and complexity: in the City there are 6,600 miles of water mains, and 7,400 miles of sewers, fourteen wastewater treatment plants, nearly a hundred pumping stations, and three enormous water tunnels burrowed through bedrock underneath the City. Upstate we own over a hundred thousand acres of land, 19 reservoirs that store more than five hundred billion gallons of water, 7 wastewater treatment plants, and a complex system of dams, aqueducts and tunnels that carry our drinking water, courtesy of gravity, into the Bronx and from there to the rest of the City. The cost of maintaining a system this size is also substantial.

FY 2011 Preliminary Capital Budget

In the current fiscal year we project our capital commitments at \$3.2 billion. In FY2011, the Preliminary Budget projects \$1.7 billion in commitments. Which means that even during the deepest national recession since the 1930's, DEP is one of the most important engines of job creation in the region. To explain what our capital budget means in terms of employment, using federal metrics, we estimate that every million dollars of construction in this region creates approximately 6.5 "person-years" of work. Using that baseline assumption, DEP's FY10 capital spending will generate 5,000 well-paying construction and construction-related jobs for four years. In fact, the current level of capital investment in our water system is virtually unprecedented since the Croton system went into service in 1842.

Three current projects represent the most significant investments in the future of the City's drinking water system since the construction of City Tunnels 1 and 2 – which date from 1917 and 1936:

- City Tunnel 3. Stage 1 is already in service; The Manhattan Stage—known as Stage 2-- will be in service in 2013, and shaft work is already underway to create the connections necessary to feed the distribution system that Tunnel 3 is being built to support. Tunnel 3 has been under construction since 1970. Completing it has been a top priority for the Bloomberg Administration. The total project cost is \$6 billion.
- Croton Water Filtration Plant. More than one thousand construction workers a day clock-in at the Croton Water Filtration Plant site in the Bronx. The plant will be operational in 2012, and will enable us to supply nearly 300 million gallons of water per day from the Croton watershed. The total cost of the project is estimated at \$2.8 billion, including approximately \$242 million of that is being used for parks and other community improvements;
- Ultra-violet Disinfection Facility for the Catskill-Delaware Water system. The UV plant will provide secondary disinfection for Cat-Del water, which is currently treated with chlorine before entering the in-City distribution system. We expect the plant to be operational in 2013 and the construction cost is \$2 billion.

In addition to these investments, the \$5 billion upgrade of the Newtown Creek Wastewater Treatment plant is 2/3 complete, and just last week we started construction of one of the final large projects at the site—the central residuals building. The Mayor's investments in Newtown Creek are already paying off. Last month, State DEC Commissioner Pete Grannis and I announced that for the first time, the City's 14 wastewater Treatment plants are meeting monthly Clean Water Act standards for secondary wastewater treatment. We expect shortly to certify that Newtown Creek is meeting all treatment standards under the Clean Water Act—a major milestone for water quality in New York City that substantially advances Mayor Bloomberg's commitment in PlaNYC to open 90% of the City's waterfront to recreation by 2030.

In addition to these Citywide projects, the \$8.8 billion Preliminary Capital Budget funds infrastructure projects throughout the five boroughs in the years FY2010-14. .. Using the federal employment metric I just mentioned, \$8.8 billion will create over 50,000 “person-years” of well-paid employment, or 10,000 jobs for five years.

Queens

In Queens, the Preliminary Budget includes \$1.5 billion of spending from FY2010-14, including \$332 million for new sewers. And that number does not include recent investments, such as the \$300 million holding tank for combined sewer overflows (CSO) beneath the ball fields in Flushing Meadow Park; or the CSO holding tank in Alley Pond Park that we are in the final stages of completing at a cost of \$100 million.

Bronx

In the Bronx, the Preliminary Budget includes \$450 million of capital spending in FY2010-14, including \$243 million to complete the Croton Filtration Plant. To eliminate the need for truck traffic to transport residual material created during the filtration process, DEP is building a seven-mile long force main to handle residuals from the Croton plant. The \$18.1 million force main will follow a seven-mile route from the Mosholu site to the Hunts Point Wastewater Treatment plant. The Preliminary Budget also provides \$76.2 million at the Hunts Point Wastewater Treatment Plant to complete a \$470 million upgrade. [SLIDE 10] And DEP will also be funding a \$25 million upgrade of water mains as part of a DDC-managed project to improve Pelham Parkway.

Brooklyn

In Brooklyn, the Preliminary Budget includes \$1.4 billion of commitments in FY2010-14, including \$156 million for new sewers, \$157 million for the Gowanus Pumping Station upgrade, and \$647 million to complete the upgrade of the Newtown Creek Wastewater Treatment Plan. In Canarsie, DEP will is soon to finish a \$422 million CSO holding tank that will capture runoff which now flows into Paerdegat Basin. Part of the project includes a \$14.6 million stimulus-funded restoration of degraded wetlands and shore areas around the perimeter of the Basin that is funded through the American Recovery and Reinvestment Act.

Manhattan

In Manhattan, the Preliminary Budget projects \$301 million in capital spending, including \$167 million to complete ten shaft connections to City Tunnel 3, as well as the water mains that will connect those shafts to the existing Manhattan water distribution system. This work is critical to turning on the Manhattan leg of City Tunnel 3 by 2013. Although it is not reflected in the Preliminary Budget because it was funded in prior years, we are also in the finishing stages of \$165 million of upgrades at the North River Wastewater Treatment plant.

Staten Island

In Staten Island, we will begin construction of a \$300 million project for construction of a new water tunnel (or, “siphon”) to provide critical redundancy for Staten Island’s water supply. DEP is funding \$125 million of that amount and the Army Corps will fund the remaining amount. Because Staten Island lacks storm and sanitary sewers in some areas, an additional \$330 million is budgeted in FY2010-14 for sewers. The Preliminary Budget also includes \$257

million for remediation of the closed Brookfield Avenue landfill, made possible in part through funding from State DEC.

We'll also continue our investments in the Staten Island Bluebelt, the award winning, ecologically sound and cost-effective storm water management system for approximately one third of Staten Island. Bluebelts are natural drainage corridors; the program preserves these areas, so that they can perform their functions of conveying, storing, and filtering storm water. In addition, the Bluebelts provide important community open spaces and diverse wildlife habitats. In FYs 2010 and 2011, DEP plans to spend more than \$34 million on both developing and maintaining the Bluebelts we already own, as well as obtaining more lands to work into the Bluebelt system.

Upstate and the Watershed

We're also funding important capital improvements to the upstate parts of our water supply system. The reconstruction of the Gilboa Dam, which encloses the Schoharie reservoir, is a new capital project that is funded for \$419 million in the FY2010-2014 Plan. The reconstruction work will repair long-term deterioration of the dam's concrete spillway and side channel, upgrade the dam to meet all current NYS dam safety standards, and improve operational capabilities.

Fortunately, last year we received \$219 million of federal grants through the American Recovery and Reinvestment Act (ARRA), to help advance more projects and put more people to work. In addition to funding important wastewater treatment work, that \$219 million of ARRA funding also allowed us to use our own funding for \$153 million of projects that had been shelved or were funded in out-years, including \$72 million in various Queens sewer and water work; \$63 million in sewer and water main projects in other boroughs; and \$18 million for the substation at the Rockaway wastewater treatment plant.

It is important to note that a substantial part of DEP's capital budget is committed to satisfying regulatory mandates that are required by the federal and state governments, but not funded by them. With the exception of recent ARRA funding, over the last twenty years, that level of federal contributions to water infrastructure have been minimal. But the scope and number of unfunded mandates has grown dramatically. New York City ratepayers currently pay 99.5% of the costs of operating, maintaining, and building the system. In recent years, as much as three-quarters of the capital budget has consisted of multi-billion-dollar mandated projects that have been a major driver of recent water-rate increases. While mandated projects ensure compliance and can clearly provide benefits to the system and its users, the scope and schedule of unfunded regulatory mandates too often do not take into account cumulative (or any) costs, or competing system priorities that would have a greater benefit to the system.

Because DEP largely does not have a choice about when to schedule mandated projects, when prices for heavy construction were at record highs during the recent boom, DEP was awarding very large contracts for two multi-billion dollar mandated drinking-water facilities, and multiple mandated wastewater treatment facilities. If those projects were not driven by consent orders and compliance schedules, we might have made different choices in terms of scheduling

or phasing the work. Overall, the combination of federal disinvestment, aggressive federal regulation, and record-high construction costs has led to a situation where, at present, thirty-seven cents of every rate payer dollar goes to debt service.

Fortunately, we are on track to complete some large mandated projects in the next two or three years, and I have already initiated a top-to-bottom review of the current ten-year capital plan to ensure that we have a strong business case for every investment that is closely tied to the agency's four core missions: to supply, distribute, and treat the one-billion gallons of water that New Yorkers need every day.

FYI 2011 Preliminary Expense Budget

We are looking at the entire Expense Budget with these same goals in mind. Given the current economic conditions, I have asked our management team for an across-the-board 8% reduction of agency expenses for FY11 and beyond. This reduction is consistent with the Mayor's goal to do more with less, and reduce the burden on ratepayers. For example, sludge management is among the costlier items in our Expense Budget, at \$67 million for FY2011. To explore the prices and technologies that the market has to offer, last year DEP issued an RFI for sludge management services. Based on the responses we received we estimate that we will save approximately \$18 million a year by declining to renew our contract with the New York Organic Fertilizer Company in Hunts Point, and using landfilling services instead. We plan to make this this year and aggressively pursue more cost-effective beneficial re-use of biosolids.

Although an 8% reduction will not be easy, we started working on it on my first day at Lefrak City, and I am confident that we can meet that target through a consolidation of duplicative functions, finding new efficiencies, and focusing on our core functions. The FY11 Expense Budget is projected at \$968 million, a decrease from the FY10 Expense Budget (as modified) of \$1.045 billion.

The largest item in our expense budget, \$411.8 million or 42.5% of the total, is for personnel costs for our approximately 6,000 person workforce. Most New Yorkers may only see DEP staff when they're at work in the street on the nearly 14,000 miles of sewers and water mains that run beneath the City. Those field staff are only a part of the picture. Nearly 2,000 employees work in wastewater treatment, and DEP employs more than 1,000 people in the upstate watersheds. DEP's workforce is highly skilled; in addition to engineers, electricians and architects, many have backgrounds in microbiology, public health, real estate acquisition, industrial hygiene, computer technology and forestry, to name a few. In addition, DEP also has a watershed police force that is fully staffed at 191 Environmental Police Officers.

Approximately \$556.6 million or 57.5% of the total expense budget is in the category of other than personal services (OTPS). Within the OTPS category the largest single item is the \$122 million in taxes we pay on our 140,000 acres of land, as well as our reservoirs, dams and structures. The Preliminary Budget includes \$94 million for various contract services such as parts, maintenance and security. While most of our system relies on gravity, the wastewater treatment processes require substantial amounts of energy so we also pay \$98 million for heat, light and power (primarily in the form of electricity). With the possible exception of taxes, these

are all items that can and will be considered as we look for innovations and efficiencies that will allow us to provide the same or better service to our customers while we reduce the financial burden our rates place on them in difficult times.

In the tax levy-funded part of the agency's budget, which deals with air quality and other non-water-related issues, we have reduced by 5 positions the headcount supporting the Asbestos Technical Review Unit (A-TRU), a joint initiative with the Department of Buildings (DOB) to increase public safety at abatement sites. We expect to provide the same level of services even with these reductions.

That completes my prepared statement. Thank you for the opportunity to testify this morning. I know that Chairman Gennaro and I have some common goals and I look forward to working over the next several years with him and with this Committee.



**Environmental
Protection**

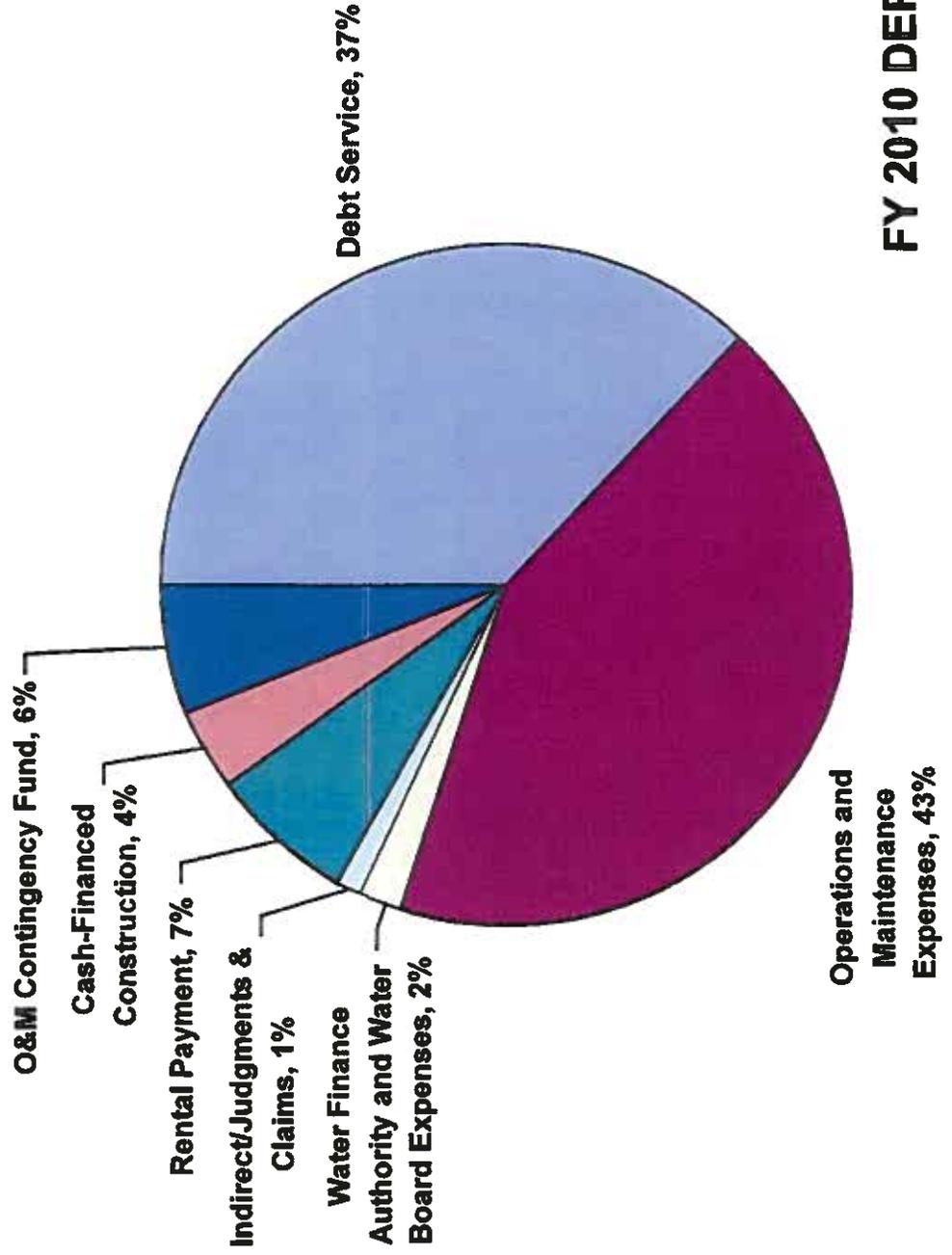
Bronx Engagement Meeting

Hutchinson Metro Center

1200 Waters Place

Thursday February 18th 2010

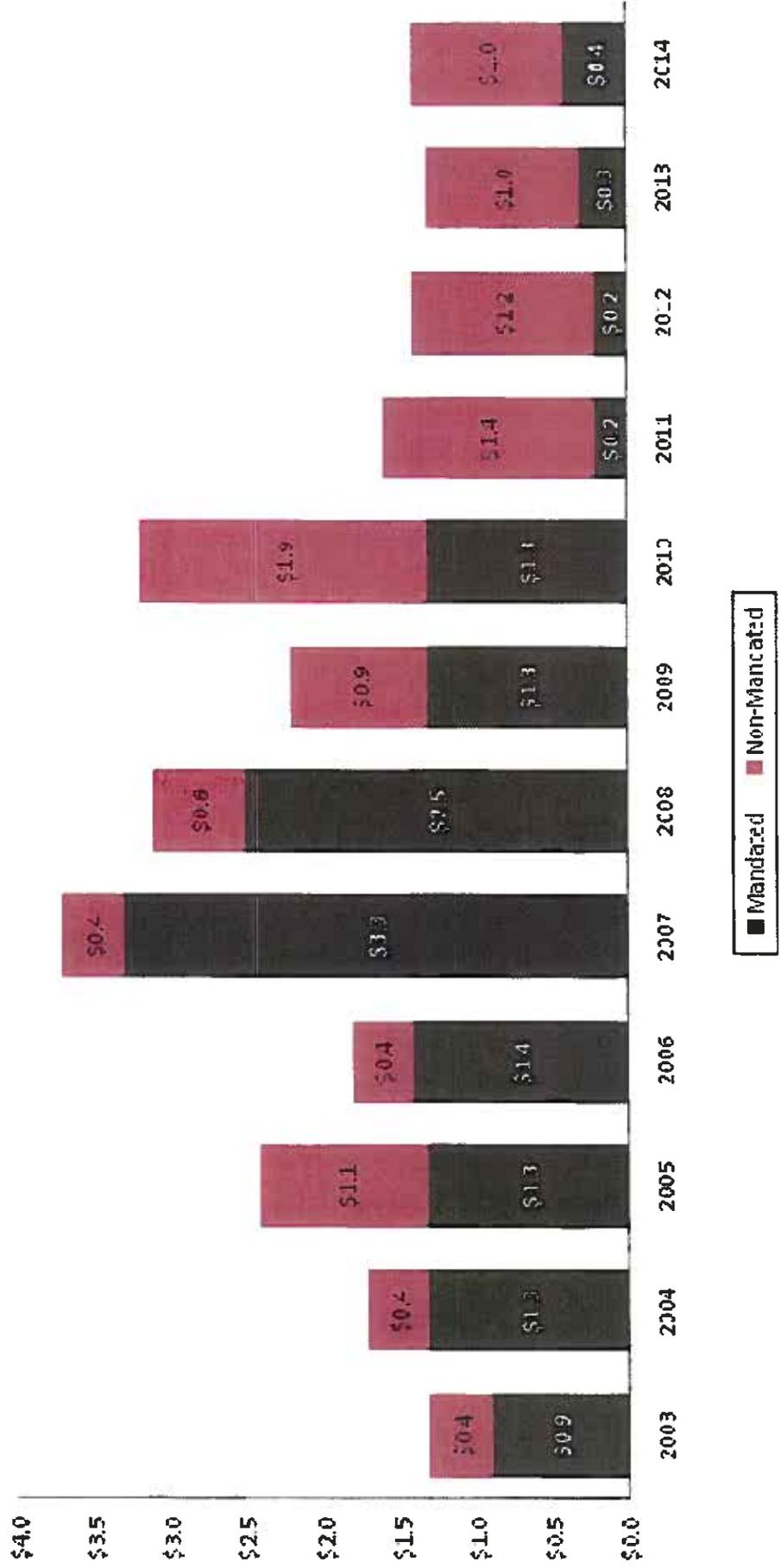
Where does your money go?



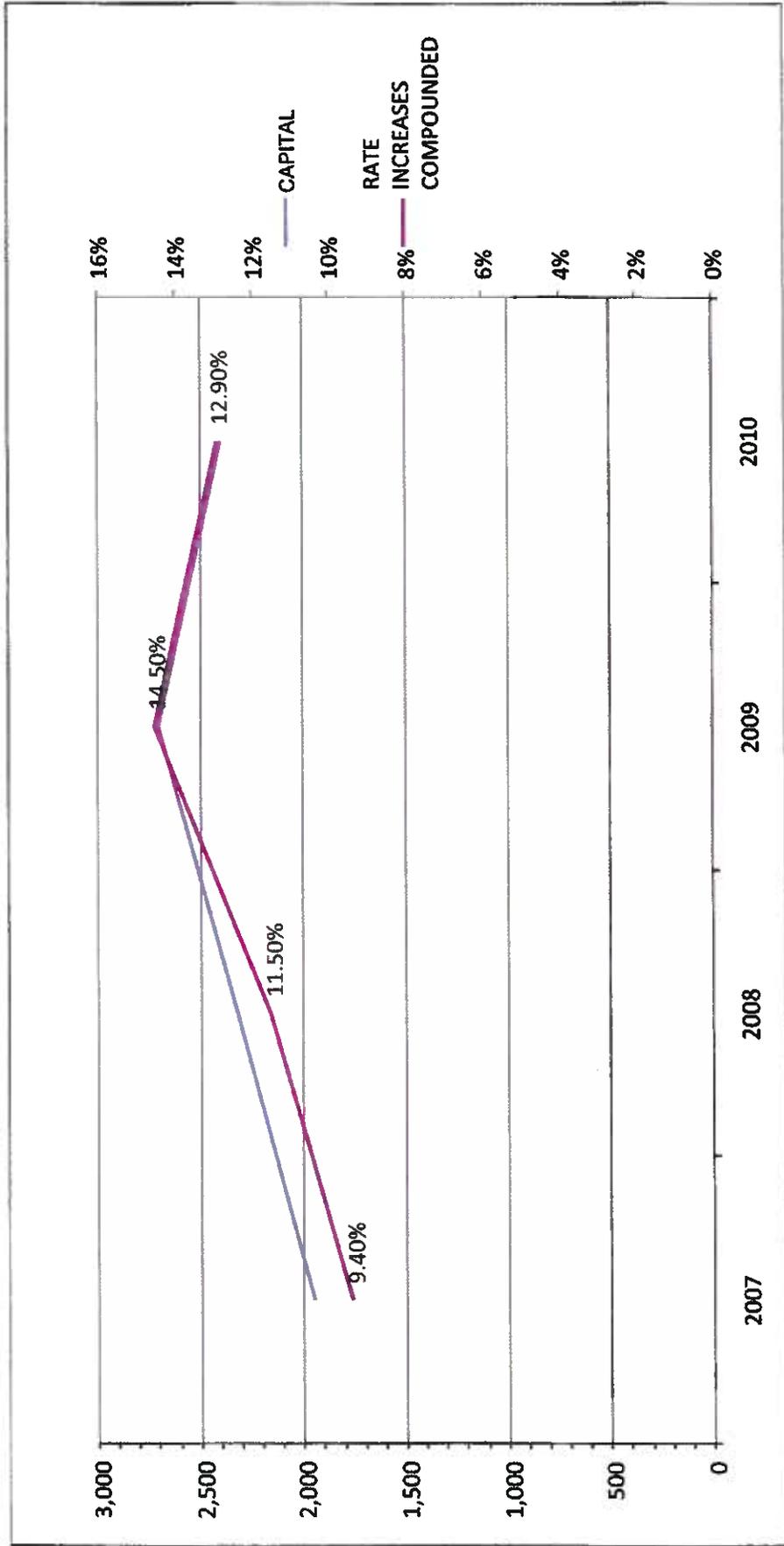
What is DEP's Debt Service?

Debt Service = Capital Construction

Historically, mandated projects comprised 3/4 of the Capital Investment Plan. Going forward, that ratio drops



Capital Outlays and the Water Rate



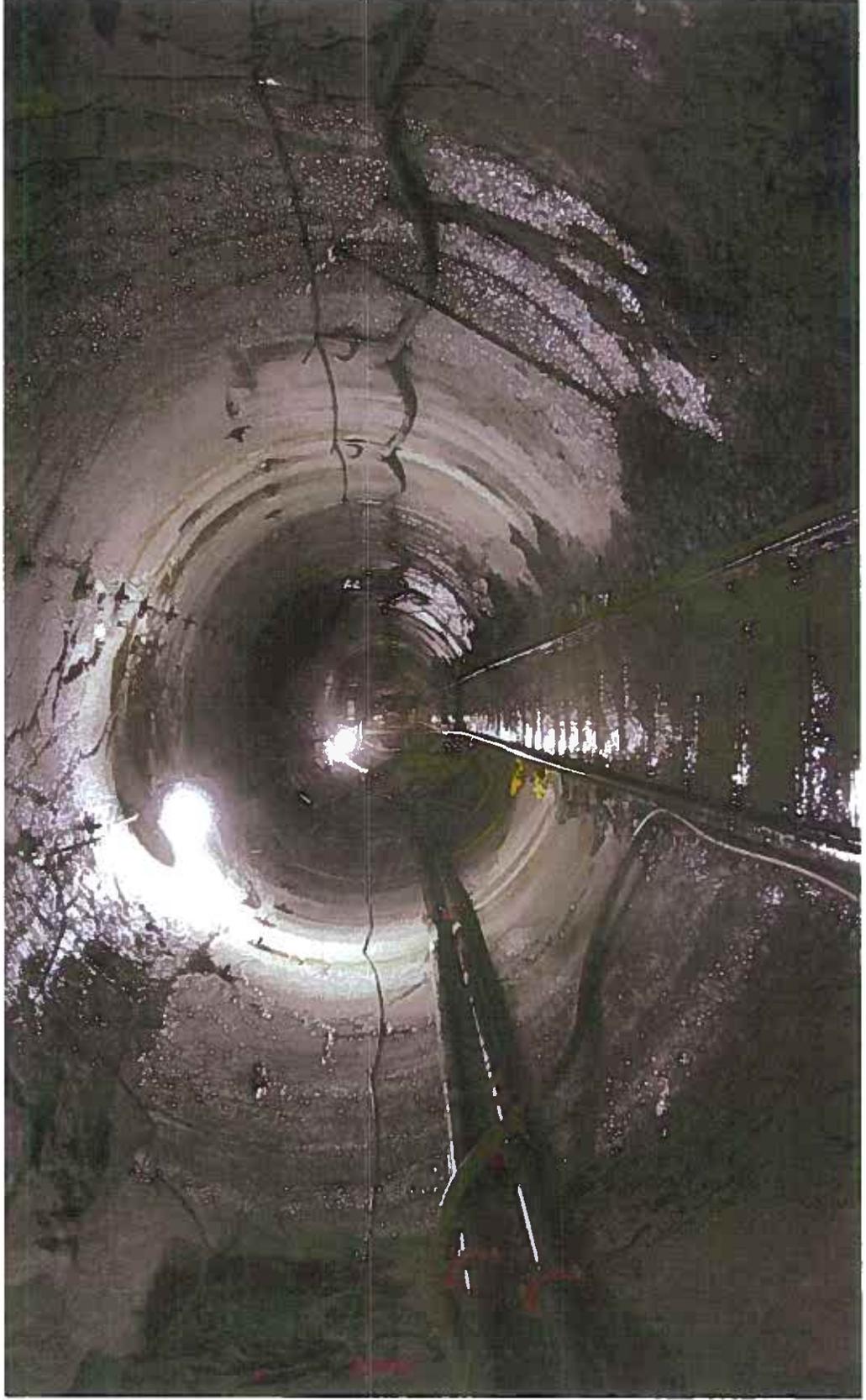
Citywide Investments – UV Disinfection Plant



Citywide Investments – Croton Filtration Plant



Citywide Investments – Water Tunnel #3



Investments in perspective

- City water Tunnel #1 was completed in 1917 at a cost of \$27M
 - If we had to build it in 2010 that would cost us \$989M in today's dollars
- City Tunnel #2 was completed in 1936 at a cost of \$57M
 - If we had to build it in 2010 that would cost us \$1.5B in today's dollars
- Once Croton filtration and UV plants are operational, 100% of NYC's water supply will be filtered or will receive two different forms of disinfection

Citywide Investments – Newtown Creek



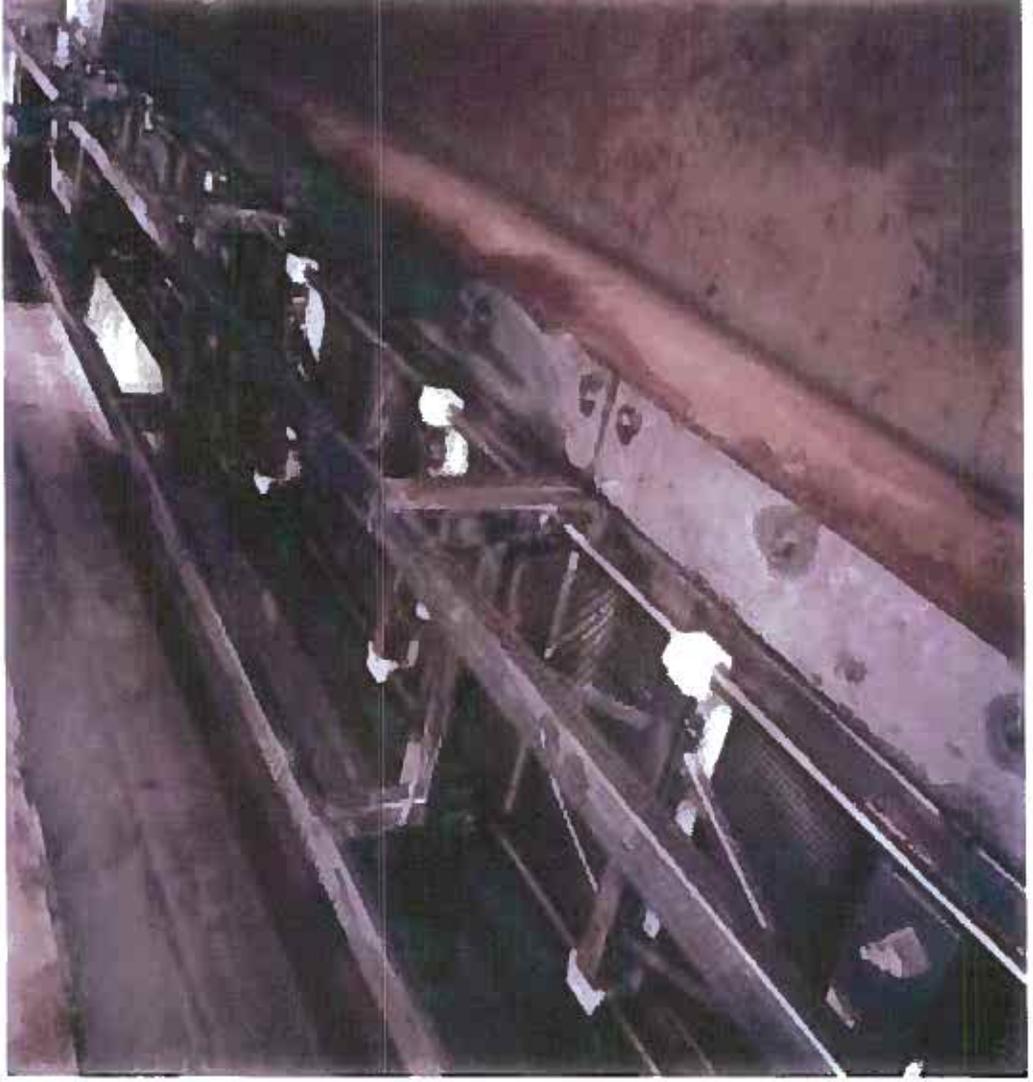
Citywide Investments Hunts Point Wastewater Treatment Plant



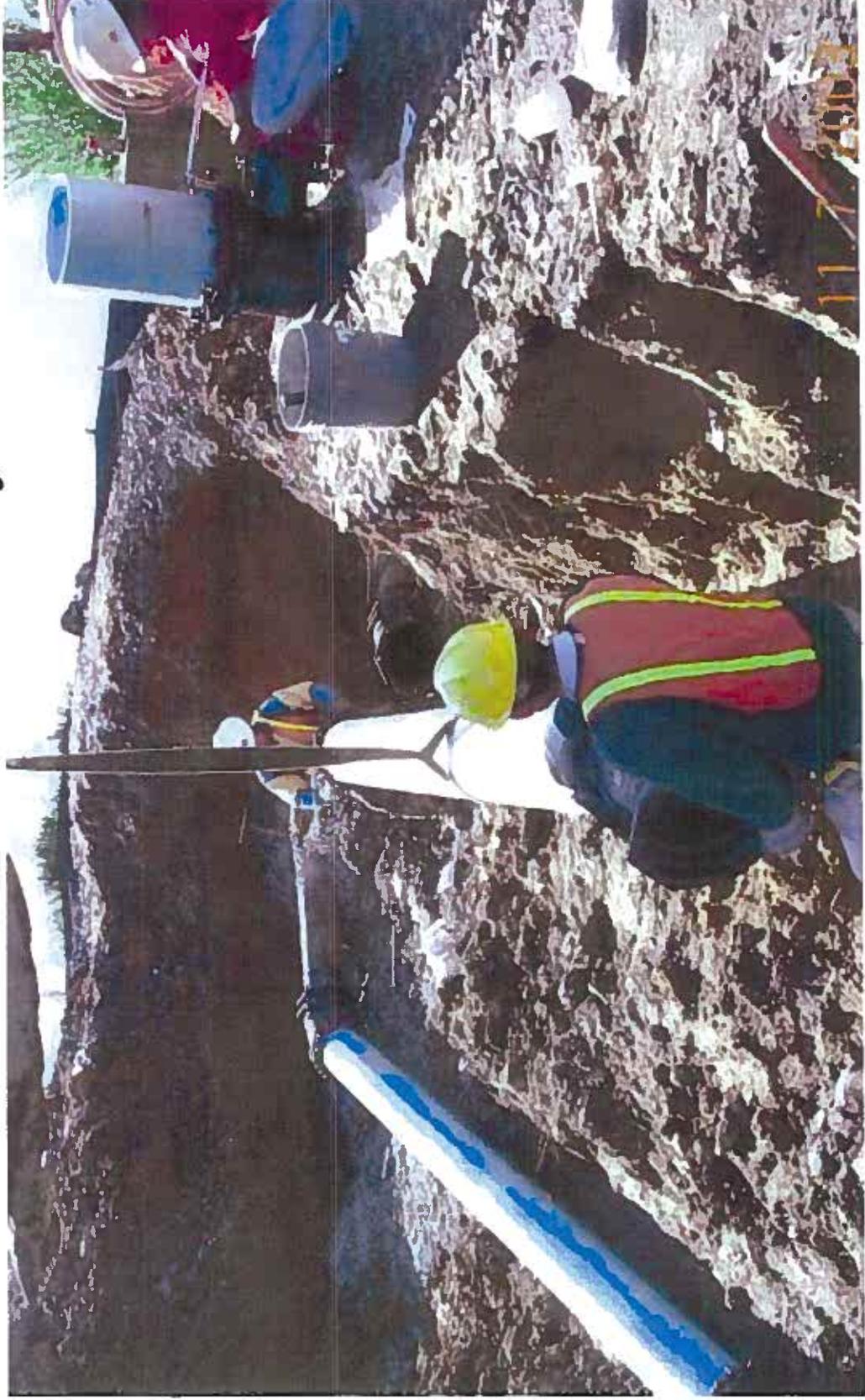
Investments in the Bronx Pelham Bay Landfill



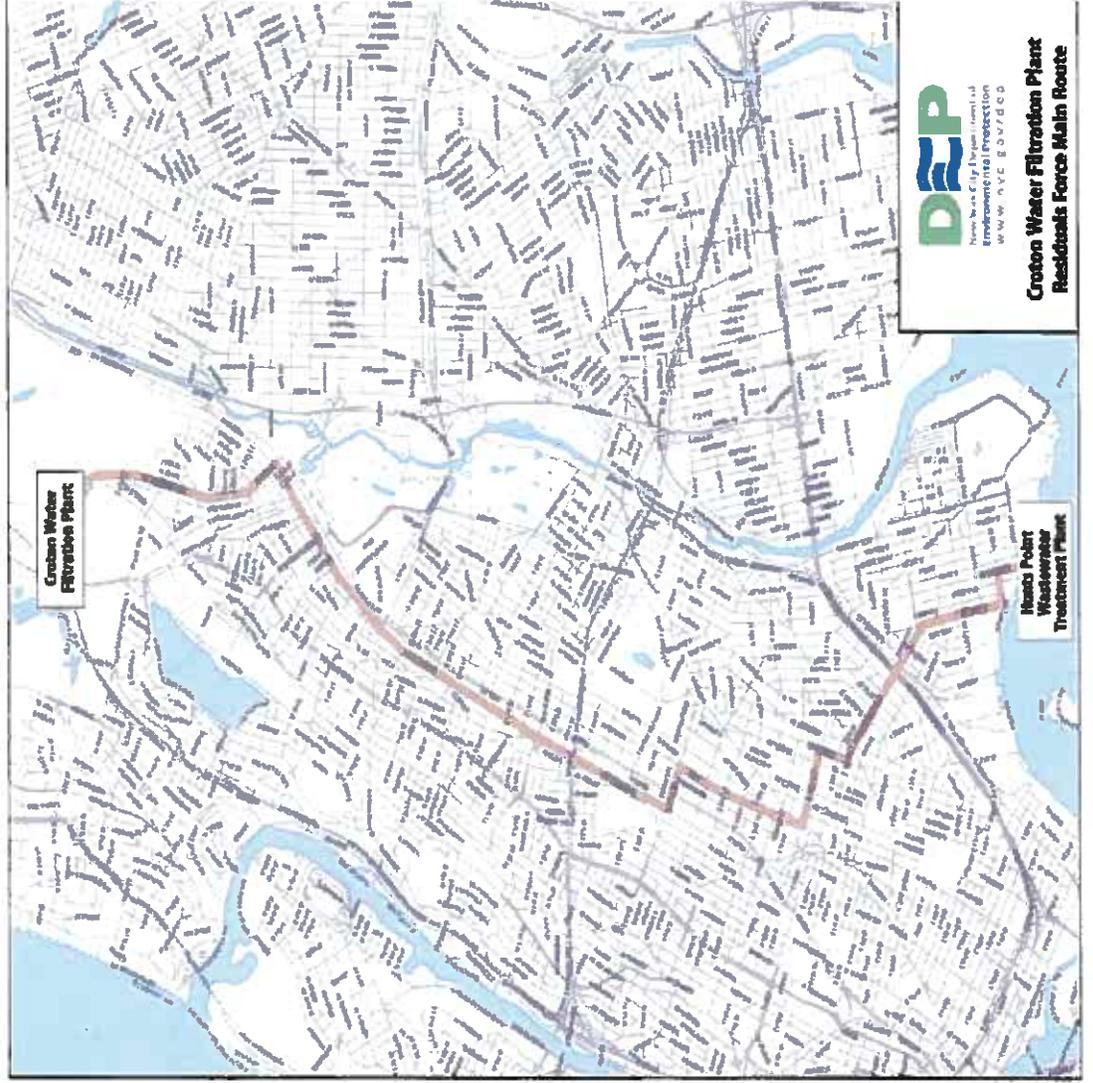
Investments in The Bronx Floatables Control



Investments in the Bronx Water Main on Pelham Parkway



Croton Force Main



Investments in the Bronx

Other projects

- **New storm and sanitary sewers (Valhalla Drive between Siegfried and Lohengrin Place): \$402K in FY'10**
- **Storm and sanitary sewers replacement and extension (Minnieford Avenue, City Island): \$1.36M in FY'12**
- **New storm sewer extension and water main replacement in Waterbury Avenue (between Throgmorton and Stadium Avenues): \$3.1M in FY'12**

Investments in the Bronx - Parks



Investments in the Bronx - Parks



Citywide Investments- Capital Project Summary

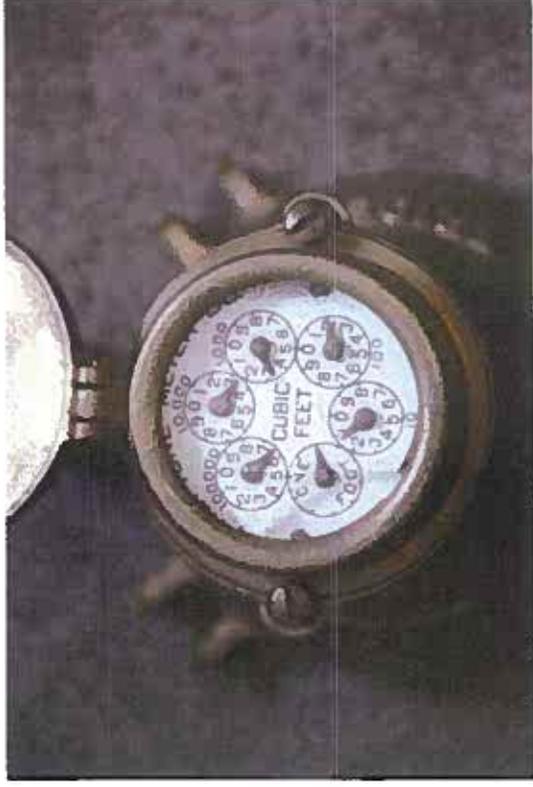
- Croton Filtration Plant
 - Project cost \$2.7 B
- Catskill-Delaware Ultraviolet Disinfection Plant
 - Project cost \$1.42B
- Newtown Creek
 - Project cost \$5B
- City Tunnel #3
 - Stage I & Stage II project cost \$6B
- Hunts Point Wastewater Treatment Plant
 - \$470M
- Pelham Bay Landfill project
 - Project cost \$47M
- Croton Force Main
 - \$18.6M
- Floatables
 - \$26.5M
- Pelham Parkway project
 - \$25.7M
- Other large projects
 - Project cost \$4.9M

**Total for NYC &
Major Bronx
Projects:**

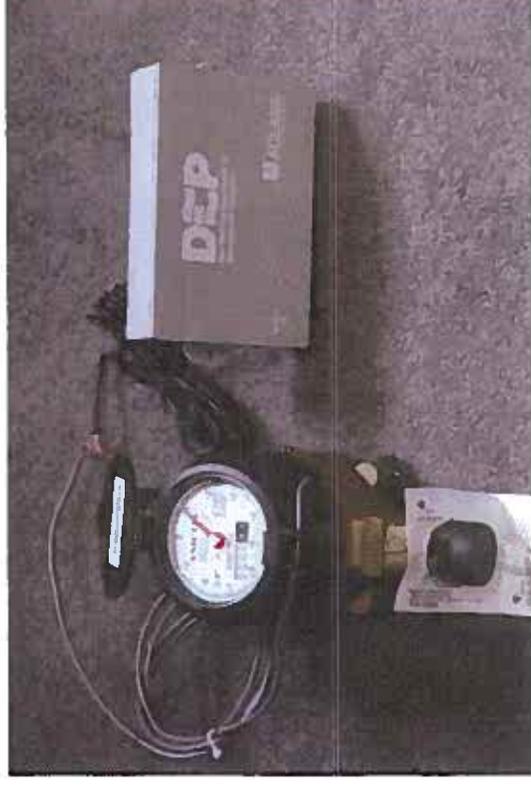
\$15.7 Billion

Automated Meter Reading (AMR)

OLD DEP METER



NEW DEP AMR METER

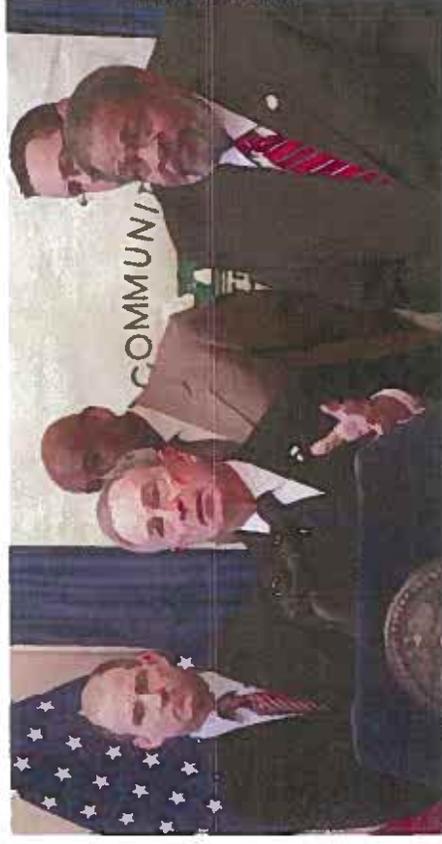


AMR is new wireless equipment that will:

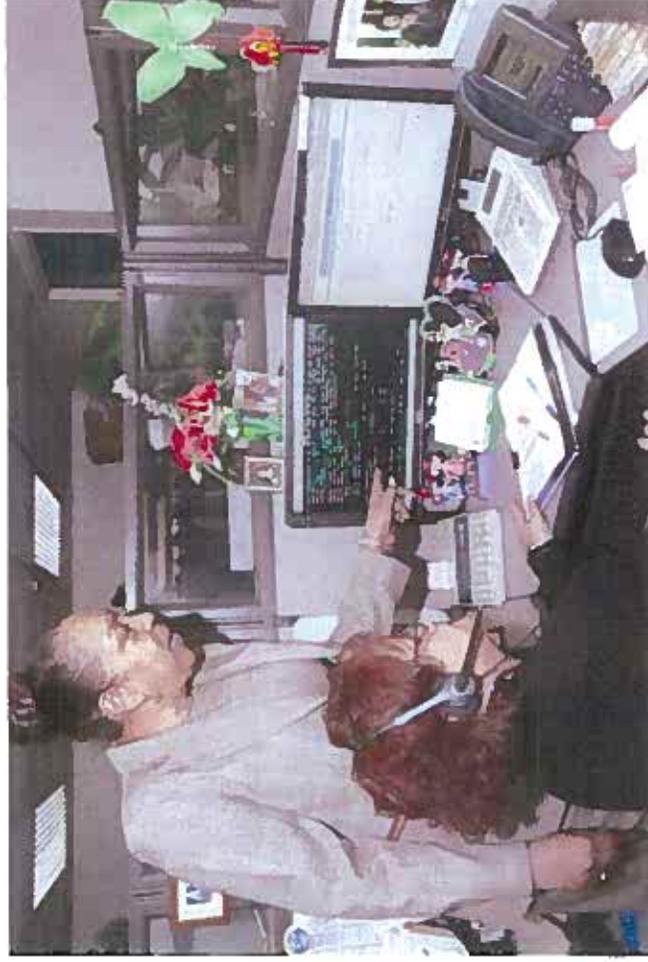
- End the use of estimated water bills
- Provide homeowners a web based application this summer to track consumption, identify ways to conserve water and reduce bills

Water Debt Assistance Program

- Launched February 8, 2010, the Water Debt Assistance Program is a new initiative that will temporarily relieve qualified homeowners at risk of foreclosure with past-due water and sewer debt
- To Qualify:
 - Property is on the 2010 lien sale list published February 2010
 - Serious mortgage delinquency
 - Tax Class 1, owner occupied 2 or 3 Family home
 - Submit required forms by April 22nd
- Benefits:
 - Past-due charges are placed on hold as long as customer remains current with new charges
 - Account is dropped from the 2010 lien sale



Customer Service



DEP has made major customer service improvements:

- Extended call center hours and days
- Bills can be paid online by credit/debit card or Electronic Funds Transfer (EFT)
- Reduced call waiting time from an average of 6 minutes to between 30 and 50 seconds

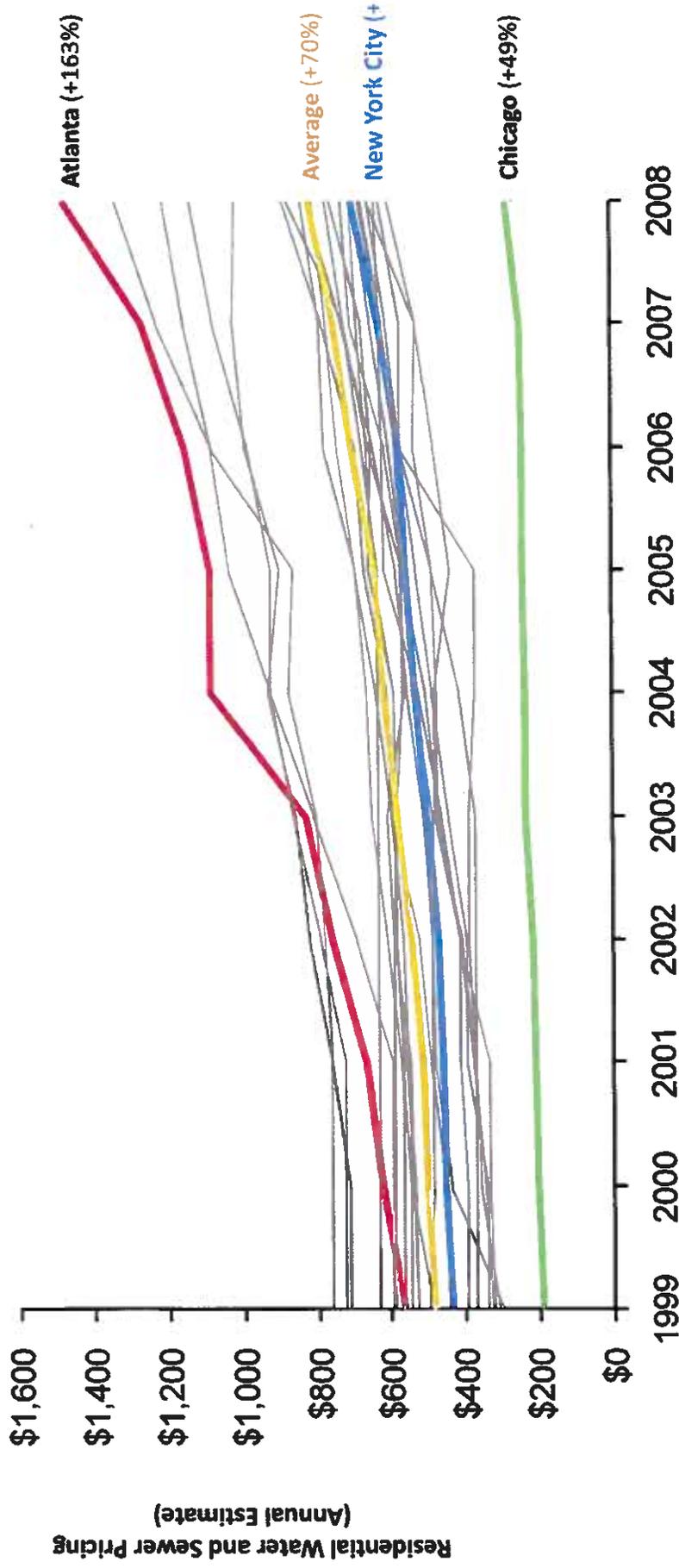
Water Rate Study

How does NYC compare?

Water Rate Study – Background

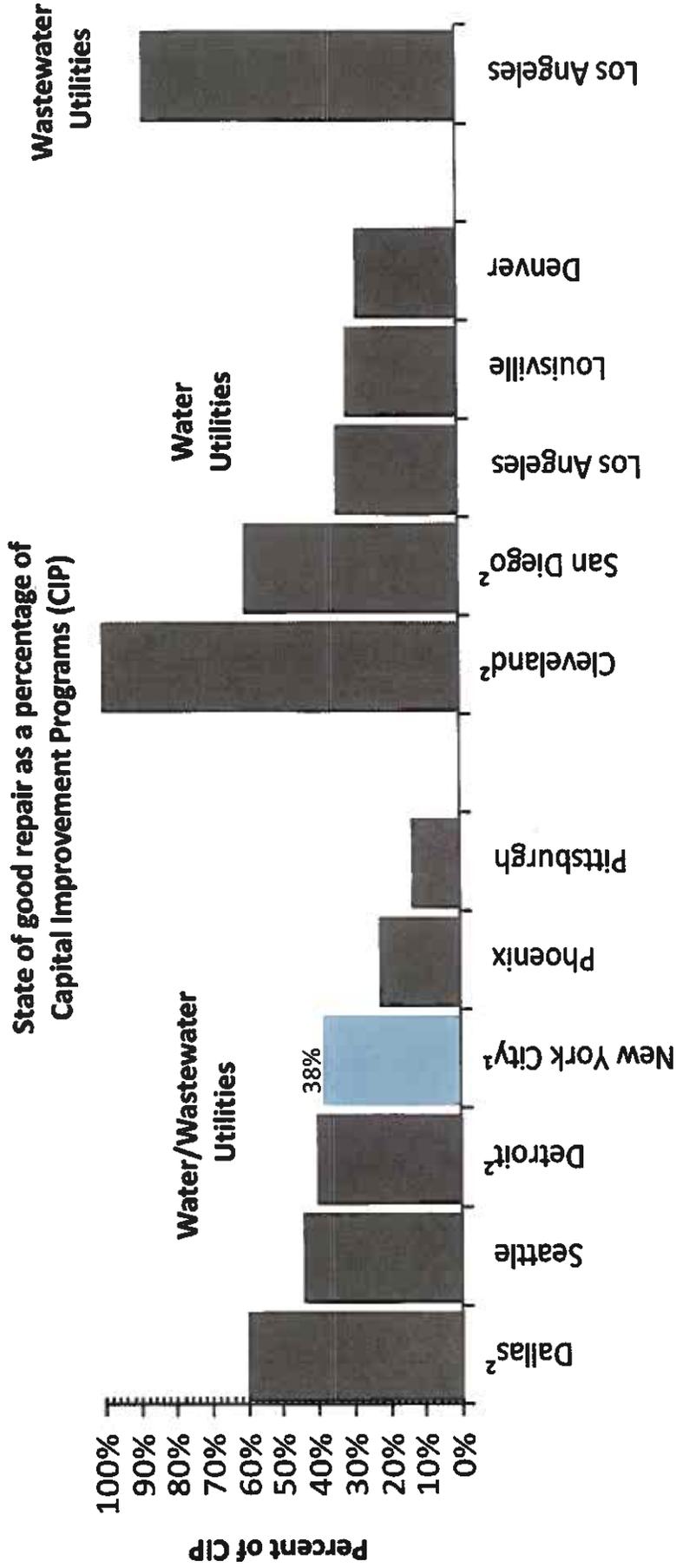
- Similar to NYC, water utility rates across the country have significantly increased over the past decade
- DEP collected data from 56 water and wastewater utilities nationally, including information on rate structures, capital and operating budgets, and intergovernmental reimbursements
- Based on an industry-wide evaluation, DEP identified four alternative rate structures, all of which meet the following criteria:
 - Commonly and successfully employed by other municipalities
 - Allow for improved financial stability, equity, water conservation, or stormwater management

Rates around the country have increased over the past decade and NYC's rates and rate of increases are still below the national average



Notes:
 1. Percentages reflect overall change between 1999 and 2008.
 2. Amounts are taken from annual survey performed on behalf of the NYC Municipal Water Finance Authority.

State of good repair costs



▶ CIP percentages shown are of 5-year, 10-year, or 11-year plans depending on the utility.

Footnotes:

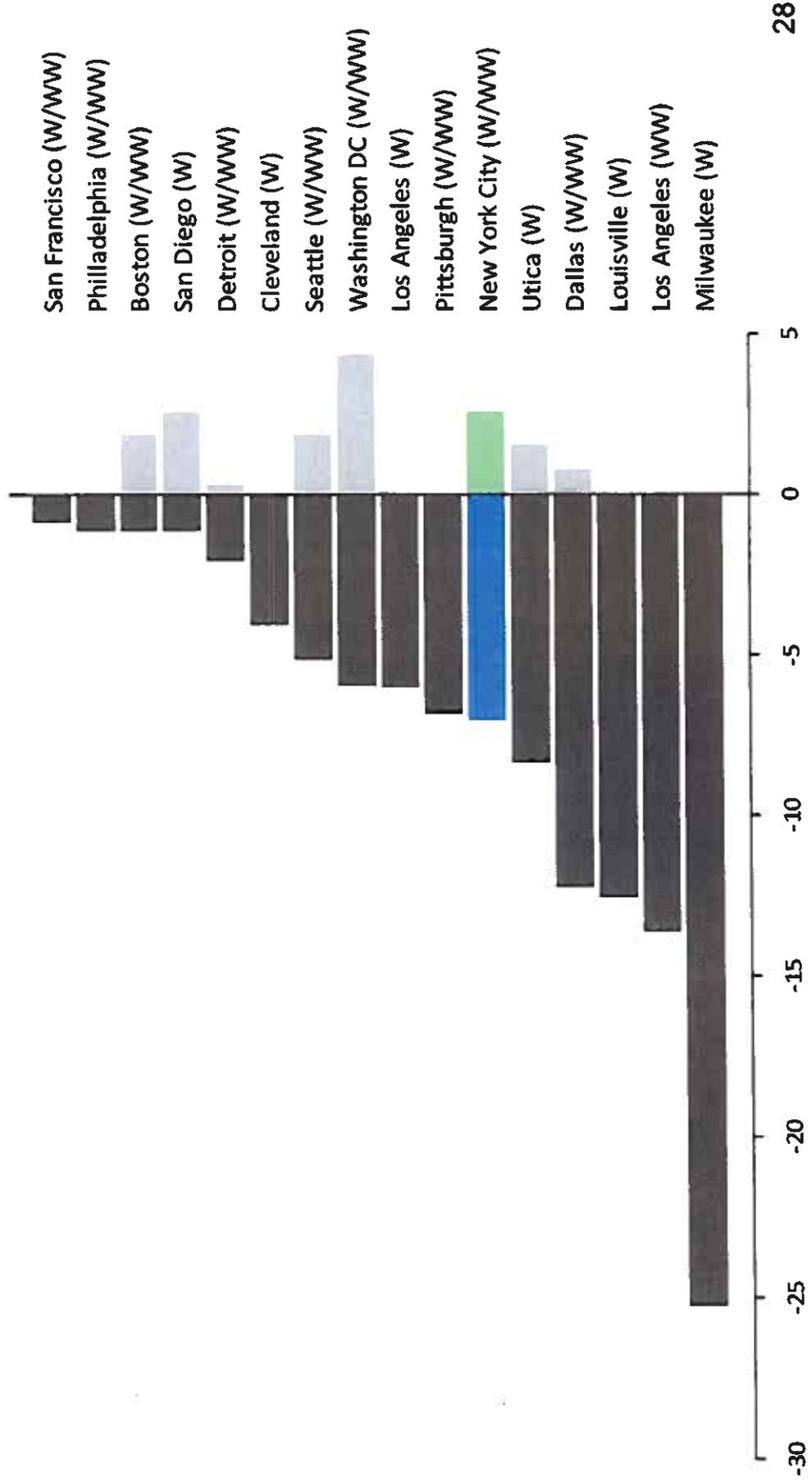
1. Value for NYC based on budget for State of Good Repair (SGR) and portion of BWSO projects identified in CIP.
2. Estimated percentage provided by utility.
3. Values shown reflect utilities' CIPs current at the time of analysis.

Rental Payment

What is the Rental payment?

- The Rental Payment compensates the City for services that the water system receives (such as police, fire protection, street maintenance, snow removal), and provides additional coverage for Water Finance Authority bonds
- The additional bond coverage reassures both investors and bond-rating agencies that the water system will be able to make principal and interest payments on time. As a result:
 - The bonds receive high ratings as secure investments
 - The water system pays lower interest rates
 - The water system has been able to access the credit markets, even when other large construction agencies were unable to sell bonds

DEP's intergovernmental fund transfer, or rental payment, is average when compared to other cities (5-10% of revenue)



On average, DEP receives more City services for its Rental Payment than most other utilities do including:

- ✓ Police & Fire Department Services
- ✓ Trash Pick up
- ✓ Legal
- ✓ Administration
- ✓ Finance
- ✓ Human Resources
- ✓ Procurement
- ✓ Budgeting
- ✓ Insurance
- ✓ Other Services

That's more than:

Pittsburgh

Washington, DC

Seattle

Niagara Falls

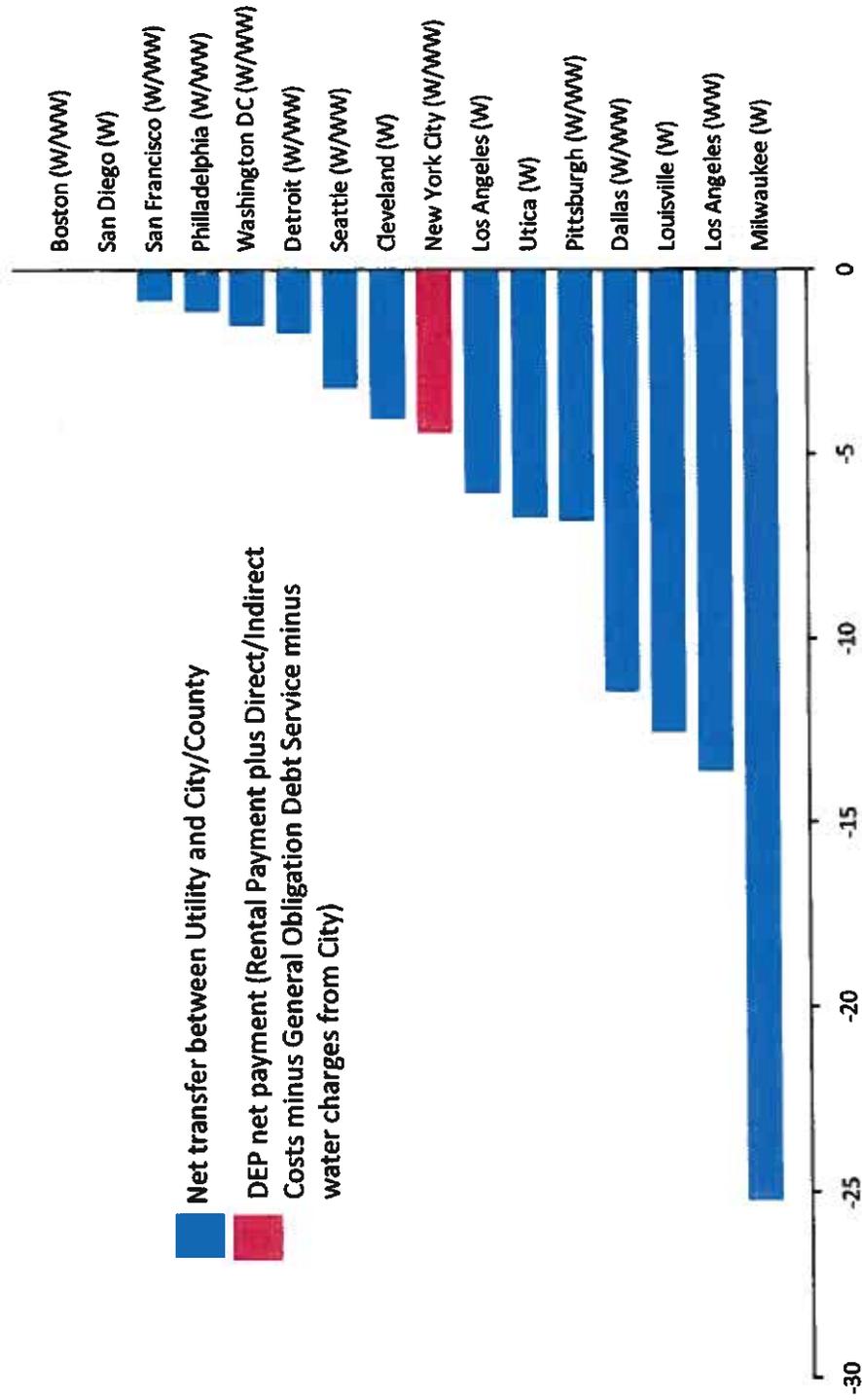
Boston

San Francisco

Cleveland

San Diego

Net Rental payment from Utility to City/County



Footnote:
1. Payments from Boston & San Diego to Utility exceed Utilities' payments to their respective cities.

Rate Study Structures Evaluated

Four potential changes to the rate structure were looked at:

- 1) Fixed component to current water rate**
- 2) Stormwater Rate charges**
- 3) New Development charge**
- 4) Water Conservation incentive pricing**

Fixed Component to the Current Rate

- **What is it?**
 - It's a portion of the current annual bill that does not vary with the amount of water consumed, to cover portions of the water system's expenses that also don't vary with the amount of water consumed (such as customer service or property taxes)
- **What will it look like?**
 - Currently, the average single family home pays about \$900 per year for water and sewer, all of which is based on the amount of water that house actually consumes. With a 10% fixed component, that same household would pay a fixed annual charge of \$90, and pay \$810 per year based on the amount of water it actually consumes
- **Why would DEP do it?**
 - Having a fixed component provides more rate stability and helps to shield both the customers and the water system from higher rate increases during periods of declining water consumption

Stormwater Rate Charges

- **What is it?**
 - Currently, the costs of stormwater are included in the charge for wastewater that gets billed to water customers. It would identify a portion of the existing rate (approximately 10%) as the costs specifically associated with collecting and treating stormwater
- **What will it look like?**
 - DEP would have to create a new billing system based on the amount of stormwater generated by each property. For example, an outdoor paved parking lot generates a lot of stormwater but consumes little or no drinking water. A parking facility pilot program would likely be based on a formula that takes into account property size
- **Why would DEP do it?**
 - This would create the ability for DEP to consider credits for homes and businesses that take steps to control stormwater

Rate Study: New Development Charges

- **What is it?**
 - DEP does not currently charge new customers for past investments made to accommodate new homes or offices
- **What will it look like?**
 - A charge would be added to new construction of residential and commercial properties. For example if a new skyscraper goes up in midtown, a new development charge would be assessed to make sure that property is contributing to all the work the city had previously put in to the infrastructure that will serve it
- **Why would DEP do it?**
 - It would insure equity to current rate payers who have contributed to the exceptional infrastructure improvements made over the last 100 years

Rate Study: Water Conservation Incentive Pricing

- **What is it?**
 - Conservation incentive pricing charges a higher rate for elevated levels of water consumption and typically takes one of two forms
- **What will it look like?**
 - Rate payers would be charged a higher price for every incremental gallon above a set threshold level, or charged a higher price for all gallons consumed once consumption has exceeded the threshold
- **Why would DEP do it?**
 - Water conservation incentive pricing could be used during periods when the City's aqueducts are under major repair or during droughts. It would allow customers who use little water an opportunity to pay a fixed price below a certain threshold

Next Steps

- Incorporate stakeholder and public feedback
- NYC Water Board will propose FY '11 rate (March 2010)
- Borough rate hearings (April 2010)
- Water Board vote on FY '11 rate (May 2010)



**Environmental
Protection**

**THANK YOU
FOR YOUR COMMENTS**

Attachment 6

WM-11 Croton Water Treatment Plant
 Facility Monitoring Committee
90 Day Look-Ahead Schedule
 March 18, 2010

Task	Mar-10				Apr-10				May-10				Jun-10	
	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 3	WK 4	WK 1	WK 2	WK 1	WK 2
CRO-312 - Water Treatment Plant Construction at Mosholu Site														
Continue Structural Concrete Placement														
Continue Entrance Driveway Site Utility Work and Retaining Wall														
Perform Utility Work in Jerome Ave. for Water Treatment Plant Entrance														
Continue Equipment, Electrical, HVAC and Plumbing Work														
CRO-312OS - Off-Site Facilities at Jerome Park Reservoir and Gate House No. 1														
Continue Construction of Shaft and Meter Chamber at Jerome Park Reservoir														
Shaft and Meter Chamber Excavation Blasting at Jerome Park Reservoir														
Construction of Overflow Weir at Jerome Park Reservoir														
Gate House No. 3 Interior Electric Work at Jerome Park Reservoir														
Gate House No. 2 Interior Electric Work at Jerome Park Reservoir														
Gate House No. 1 - Mobilization and Start Construction of New Entrance														
Construction of South Basin Ramp														
CRO-312FM - Residuals Force Main to Hunts Point														
Construction of Force Main from WTP to Hunts Point WPCP in Bronx Streets														
CRO-313 - Water Tunnels and Associated Works														
Continue Installation of 9-foot Diameter Pipe in Treated Water Tunnels														
CRO-315 - Demolition and Modifications of Structures at Jerome Park Reservoir														
Complete Construction of Chlorine Scrubber System in Gate House No. 5														

Completed 3/12/2010

Completed 3/15/2010