

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ENVIRONMENTAL PROTECTION

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March 8, 2010

Start: 10:00 am approx.

Recess: 12:40 pm approx.

HELD AT: Council Chambers
City Hall

B E F O R E:

JAMES F. GENNARO
Acting Chairperson

COUNCIL MEMBERS:

Council Member Elizabeth S. Crowley
Council Member G. Oliver Koppell
Council Member Brad S. Lander
Council Member Stephen T. Levin
Council Member Peter F. Vallone Jr.
Council Member Thomas White Jr.

A P P E A R A N C E S [CONTINUED]

James F. Gennaro
Opening Statement
Chairperson
Committee on Environmental Protection

Nathan Toth
Committee on Environmental Protection

Samara Swanston
Committee on Environmental Protection

Siobhan Watson
Committee on Environmental Protection

Costa Constantinides
Committee on Environmental Protection

William Murray
Committee on Environmental Protection

Bob DeLay
EP Intern
Committee on Environmental Protection

Caswell F. Holloway
Commissioner
Department of Environmental Protection

Steven W. Lawitts
Chief Financial Officer
Department of Environmental Protection

Joe Singleton
Deputy Commissioner
Bureau of Customer Service
Department of Environmental Protection

Matt Mahoney
Associate Commissioner
Government Affairs
Department of Environmental Protection

A P P E A R A N C E S [CONTINUED]

Elaine Cole
Chief of Staff
Department of Environmental Protection

Carter Strickland
Deputy Commissioner
Sustainability
Department of Environmental Protection

Mike Gilson
Assistant Commissioner
Department of Environmental Protection

Mark Lanegan
Governmental Relations Unit
Department of Environmental Protection

Rick
Governmental Relations Unit
Department of Environmental Protection

Other members of the staff
Department of Environmental Protection

Jonathan Rosenberg
Staff

Kevin McBride
Deputy Commissioner
Police and Security
Department of Environmental Protection

Peter Fusco
Chief of Police
Department of Environmental Protection

CHAIRPERSON GENNARO: Good morning.
We'll get started in just a moment, let me just
collect myself and we'll get started.

[Off mic]

CHAIRPERSON GENNARO: Yep, I need
my glasses.

[Pause]

CHAIRPERSON GENNARO: Okay. I
guess we're ready to get started. Good morning.
It's still morning. Yeah, Cas I was talking about
you to a newspaper just now so I know I made you
wait but I was talking about you, talking about
the, you know, green tech bill that we just passed
which is great and talking about, you know,
nitrogen reduction and the ARP technology as an
example of the types of technological, you know,
forward thinking that the green tech bill is
supposed to foster.

But before we had the green tech
bill we had Cass Holloway who was working on ARP.
And so they said well why do we need the green
tech bill because we have Cas Holloway. I'm like
look we, you know, we need the bill. So I made
that case.

So you had to wait but I was walking about you. It's also good to see Steve here, Steve Lawitts, I'm very happy to see you as always Steve.

So let me begin. Good morning. I'm Council Member Jim Gennaro, Chair of the Committee on Environmental Protection. This is a hearing of our Committee on the Fiscal 2011 Preliminary Budget. I just fixated on that number 2011. Wow. I guess it got here in a hurry, 2011, gee.

[Chuckling]

CHAIRPERSON GENNARO: Today we--you know we need to look at it. I mean I'm used to like 1998, 1988, you know, whatever. 2011 seems like the future is really here. Today we'll hear testimony from DEP about its expense and capital Preliminary Budget and general agency operations.

The Capital Plan is of particular interest to the Committee with large increases towards a pollution control projects such as the stabilization of the 26th Ward Water Pollution Control Plant and the upgrading of the new Town Creek facility. The Committee plans to discuss a

variety of other important issues with DEP today including the Department's Watershed Land Act program. You know we're buying all the property around the watershed.

And the Jamaica Bay Watershed Protection Plan, water lien sales issues and the Committee will hear testimony from DEP. As I mentioned we have Commissioner Cass Holloway here and his team including Steve Lawitts and other great members of the DEP team.

Just want to recognize Council Member Koppell who's here from the Bronx--

COUNCIL MEMBER KOPPELL:

[Interposing] Good morning.

CHAIRPERSON GENNARO: --I know Peter Vallone--good morning Oliver. I know Peter Vallone was here. He had to leave. He'll be coming back. Peter often makes the mistake of being on time for my hearings. You think he would--

[Laughter]

CHAIRPERSON GENNARO: --you think he would learn by now. So. From the Council staff we have Nathan Toth, Samara Swanston,

Siobhan Watson, Costa Constantinides [phonetic], William Murray, Bob DeLay. Bob DeLay, it says new EP intern. Where's Bob DeLay? Where's Bob DeLay? Bob DeLay? Okay. Very good Bob, pleasure, welcome aboard. Welcome aboard.

So without further ado, we'll as the Commissioner and his team to present their good testimony. I believe I have the Commissioner's statement. I do. As we always do in our Committee, we put the witnesses under oath. It's a part of the fun of coming here. And so we didn't do it last time because Dan started the hearing and so we kind of let it go. But that's what we normally do as... so I'll ask Samara to administer the oath.

MS. SAMARA SWANSTON: Please raise your right hands. Do you swear or affirm to tell the truth, the whole truth and nothing but the truth today?

MR. STEVEN LAWITTS: I do.

COMMISSIONER HOLLOWAY: Yes.

CHAIRPERSON GENNARO: Thank you.

Thank you Commissioner. Once again it's great to see you, great to see Steve as well and the good

members of your team. We very much look forward to your statement and to our discussion here this morning. It's been a pleasure working with you over the last two months since you've been on board. And this is a beginning of the, you know, of our first budget process with you as Commissioner. And we thank you for being here. Please commence with your good statement.

COMMISSIONER HOLLOWAY: Thank you.

Is this on?

CHAIRPERSON GENNARO: You've got to hit the button I guess.

COMMISSIONER HOLLOWAY: Hello?

CHAIRPERSON GENNARO: Yep. Okay you've got it now.

COMMISSIONER HOLLOWAY: Sorry.

Thanks. Thank you Council Member Gennaro. Good morning also Council Member Koppell and all of the staff to the Committee and to the Council Members. I'm Cas Holloway. I am Commissioner of the New York City Department of Environmental Protection. With this me this morning is our Chief Financial Officer, Steve Lawitts. And there are also a number of other members of the team here in the

audience.

I'll just name a couple: Joe Singleton who is our Deputy Commissioner for the Bureau of Customer Service; and Matt Mahoney who is our Associate Commissioner for Government Affairs; Elaine Cole is my Chief of Staff in the front here; and we have some other members also with us. And if we need to, if we go to the deep bench, we will do that.

So 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'd like to briefly explain some of the work that I've been doing over the past nine weeks as context for the discussion of the Preliminary Expense and Capital Budgets for this coming fiscal year.

Since I started January 1st, I've been focusing on DEP's four core functions. First is to supply, distribute and treat the more than 1 billion 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. What you see, the slide here just gives you the

watershed, our water sources of water supply stretches from as far away as 125 miles away.

Second is to provide excellent customer service to the 834,000 account holders whose revenue make the system work and to the 9 million people, 8 million in the City and another 1 million in Westchester and other counties who rely every day on our drinking water.

Third is to make all the investments necessary to ensure that the system works and meets or exceeds the applicable environmental standards. That's our capital program.

And finally to work closely with our regulatory partners to implement the Mayor's PlaNYC agenda and provide clean air, water and a healthy overall environment to the people who live, work 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've created a new position, Deputy Commissioner for Sustainability

who is responsible for making sure that the 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, 14 wastewater treatment plants, nearly 100 pumping stations and 3 enormous water tunnels burrowed through bedrock underneath the City. Update we own over 100,000 acres of land, 19 reservoirs that store more than 500 billion gallons of water.

We operate 7 wastewater treatment plants which is something not many people may realize. And we have a complex system of dams, aqueducts and tunnels that carry our drinking water courtesy of gravity largely, into the Bronx and from there to the rest of the City.

The cost of maintaining a system this size is also substantial. Let me talk about

the FY 2011 Preliminary Capital Budget. In the current fiscal year we project our capital commitments to be \$3.2 billion. In FY '11 the Preliminary Budget projects \$1.7 billion in commitments which means that even during the deepest national recession since the 1930s, 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 \$1 million of construction in this region creates approximately 6.5 person-years of work. Using that baseline assumption, DEP's FY '10 capital spending will generate 5,000 well paying construction and construction related jobs for 4 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.

First, and this slide is just one shot, is City Tunnel number 3. Stage 1 of that tunnel, which has been in development since 1970, was turned on in 1998 when I was at the Parks Department. The Manhattan stage, known as Stage 2 will be in service in 2013. And shaft work is underway to connect the necessary connections to feed the distribution system that Tunnel 3 is built to support. It's been under construction since 1970 and completing the tunnel has been a top priority for the Bloomberg Administration. The total project cost is \$6 billion.

Next what you see is one of the largest construction sites in the City and I'm guessing anywhere. It's the Croton Water Filtration Plant in the Bronx. More than 1,000 construction workers a day clock in at the Croton Water Filtration Plant. 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 that is being used for parks and other community improvements.

Next is the construction site, another one underway right now, for the Ultraviolet Disinfection Facility for the Catskill-Delaware System which is right below the Kensico Reservoir. 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 \$1.5 billion.

Just to give a little perspective on that, City Tunnels number 1 and 2 that I mentioned earlier, City Water Tunnel number 1 was built in 1917 at a cost, I think, of \$27 million in 1917 dollars. That would be approximately \$989 million today. Water Tunnel number 2 was built at a cost of \$57 million in 1936 dollars. That would be \$1.4 billion which is roughly the price of the UV filtration plant. So we're doing both--it's the equivalent of doing more than both those tunnels at the same time.

Slide 6, in addition to the investments I just talked about the \$5 billion upgrade of New Town 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 New Town 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 2010 through '14. Using the Federal employment metric I talked about a few minutes ago, \$8.8 billion will create over 50,000 person-years of well paid employment or 10,000 jobs for 5 years.

I want to spend a minute talking a little bit about some of the work that we're doing in each Borough and Chairman, I will start with Queens. Slide 7, in Queens the Preliminary Budget includes \$1.5 billion of spending from 2010 to '14, including \$332 million for new sewers. That number doesn't include recent investments such as the \$300 million holding tank for combined sewer overflows, CSOs, beneath the ball fields in Flushing Meadow Park or the CSO holding tank in Alley Pond Park that we are currently in the final stages of completing.

Next slide in the Bronx, this is just a map of a force main that is going from the Croton Water Filtration Plant to Hunts Point. The Preliminary Budget includes \$450 million of capital spending in FY '10 through '14 including \$243 million to complete the Croton Water Filtration Plant. To eliminate the need for truck traffic to transport residual material that is created during the filtration process, we're building a 7-mile long force main to hand residuals from the plant.

This \$18.1 million project will follow a 7-mile route from Mosholu site to the Hunts Point Wastewater Treatment Plant. The Preliminary Budget also provides \$76 million for the Hunts Point Wastewater Treatment Plant to complete a \$470 million upgrade. And DEP will also be funding a \$25 million upgrade of water mains as part of a DDC-managed project to improve Pelham Parkway.

In Brooklyn, the Preliminary Budget includes \$1.4 billion of commitments in FY '10 through '14, including what you're looking at here, \$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 finish a \$422 million CSO holding tank that will capture runoff that 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 funds.

In Manhattan, the Preliminary Budget projects \$301 million in capital spending, including \$167 million to complete ten shafts 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 number 3 by 2013.

And just to give you a sense of the complexity of this work, these shaft sites which basically bring water from the 600 feet below ground where the water tunnel is and connect to the distribution mains are some of the most difficult parts of the City to build in around the 59th Street Bridge, down near the Hudson Tunnel and looking back now, you know you wonder whether you could put those shaft sites in other places but the bottom line is we know where they are.

They're going to be under construction and we're going to turn it on, on time. So this is really important work. Although 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 in Manhattan.

In Staten Island, we will begin construction of a \$300 million project for construction of a new water tunnel or a 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 portion.

Because Staten Island lacks storm and sanitary sewers in some areas, an additional \$330 million is budgeted in FY 2010 through '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 and meeting a long time commitment of the Bloomberg Administration.

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. Chairman as I know you know, Bluebelts are natural drainage corridors and the program preserves these areas so that they can

perform their functions of conveying, storing, and filtering storm water.

In addition, Bluebelts provide important community open spaces and diverse wildlife habitats. In 2010 and '11, DEP plans to spend more than \$34 million both developing and maintaining the Bluebelts that we already own, as well as obtaining more lands to work into the Bluebelt system. And storm water management is a critical issue for the agency; the sustainable storm water management plan is something that PlaNYC developed.

Carter Strickland was one of the primary authors. He's hard at work on making sure that the investments that we're making are the most cost effective and that will include and increase the Bluebelt strategy wherever we can, including in Queens.

CHAIRPERSON GENNARO: Not the--that plan of course was developed pursuant to a Local Law passed by this Committee.

COMMISSIONER HOLLOWAY: Correct.

CHAIRPERSON GENNARO: And so there's a real partnership there. As there always is, you know.

COMMISSIONER HOLLOWAY: And it was that plan, I think, if, at least by my own, in my opinion is one of the, to us, a really quality piece of work product that we're--

CHAIRPERSON GENNARO: [Interposing]
Yeah it's--

COMMISSIONER HOLLOWAY: --going to try to use as much as we can as a roadmap.

CHAIRPERSON GENNARO: Hard for people to get really excited about it at cocktail parties and stuff when you talk about storm water but yes it's very, very important. And we're very grateful for the Bloomberg Administration's deep commitment to it.

COMMISSIONER HOLLOWAY: Thank you. Upstate and the Watershed: we're also funding important capital improvements to the upstate parts of our water supply system. This includes the reconstruction of Gilboa Dam, which encloses the Schoharie River, is a new project funded for \$420 million in FY '10 to '14. The reconstruction

work will repair long-term deterioration of the dam's concrete spillway and side channel, upgrade the dam to meet all current New York State safety standards, and improve operational capabilities.

And just having made several visits to the watershed at this point we don't really see those dams but they're critically important to keeping the storage capacity of 568 billion gallons that the City has.

Fortunately last year we also received \$219 million of Federal grants through the American Recovery and Reinvestment Act, excuse me, 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; \$62 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 Federal and State governments, but not funded by them. With the exception of recent American Recovery and Reinvestment Act funding, over the last 20 years, that level of Federal contributions to water infrastructure have been minimal. But the scope and number of unfunded mandates has grown.

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 costs or competing system priorities that could have 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 upgrades. And I talked a little bit about those.

If those projects were not driven by consent orders and compliance schedules, we might have made different choices in terms of scheduling or phasing work. Overall the combination of Federal disinvestment, aggressive Federal regulation, and record high construction costs has led to a situation where, at present, \$.37 of every rate payer dollar goes to debt service.

But fortunately, and here's the good news, we are on track to complete some large mandated projects over the next two or three years and I have already initiated a top-to-bottom review of the current 10-year capital plan to ensure that we have a strong business case for every investment that is closely tied to the agency's core mission: to supply, distribute, and treat the 1 billion gallons of water that New Yorkers need every day.

Turing to the Expense Budget, we're 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 FY '11 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 FY 2011. 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, that's NYOFCO, and using landfilling services instead. We plan to make this switch this year and aggressively pursue more cost effective beneficial re-use of sludge.

Although an 8% reduction will not be easy, we started working on it basically 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 mission. The FY '11 Expense Budget is projected at \$968 million, a decrease from the FY '10 Expense Budget, as modified, of \$1.045 billion.

The largest item in our expense budget, \$411 million or \$412 million or 42% 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 important but they are only a part of the picture. Nearly 2,000 employees work in wastewater treatment, that's the 14,000 employees who work at the 14 treatment plants that I talked about 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. In

addition, DEP also has a watershed police force that is fully staffed at 191 Environmental Police Officers.

Approximately \$557 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 \$122 million in taxes we pay on the 140,000 acres of land, as well as our reservoirs, dams and structures upstate.

The Preliminary Budget includes \$94 million for various contract services including as parts, maintenance and security. While most of our system relies on gravity, thankfully, the wastewater treatment process require substantial amounts of energy and we 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 customers while we

reduce the financial burden our rates place on ratepayers in these 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 to increase public safety at abatement sites. I was heavily involved.

This Committee actually worked with us to pass the legislation we needed to create that office. I was deeply involved in its creation and I am confident that we will be able to provide the same level of services with fewer heads. If the volume of work that we're getting increases, we'll obviously make adjustments as needed. But that's been going very well so far.

This completes my prepared statement. Overall, just to synthesize, we are working hard to deliver an ambitious capital program, operated as efficiently as possible, take real steps to reduce costs where we can. And I very much look forward to working with this

Committee both on DEP's budget and on the many other issues that we have to work on together. So thanks very much and I'm happy to take any questions.

CHAIRPERSON GENNARO: Thank you Commissioner. [Off mic]. Sure. I want to recognize that we've been joined by Council Member Crowley, grateful to have her here. And what I'm going to do because I always have a host of questions, I very much appreciate when other members of the Committee come forward and, you know, want to be involved in the questioning.

And I know that Council Member Koppell has many things that he needs to do and not going to be here for the duration of the hearing. And I also have a lot of questions. He probably doesn't have as many as I do so I'm going to recognize my good friend and colleague Council Member Koppell to ask a question of the Commissioner to start things off. Council Member Koppell.

COUNCIL MEMBER KOPPELL: Thank you. thank you very much Mr. Chairman, I appreciate the courtesy. Commissioner, first of all welcome and

1
2 glad to see you and your Deputy Commissioner here
3 today and I appreciate your coming to the Bronx
4 for the meeting on the Croton Filtration Plant
5 which I appreciated, you know, your presentation
6 at that time.

7 I'm a little surprised, I might say
8 it's not a question that there's only \$240-odd
9 million left to spend there, given it's a \$2.8
10 billion project. I assume those numbers are right
11 but they're kind of surprising actually. But you
12 can give me a breakdown of that later. You don't
13 need to do that now.

14 I do want to turn my attention just
15 briefly to the Expense Budget and you talked about
16 what you're going to spend but you didn't talk
17 very much about revenues for that although you did
18 mention, and I give you credit for that, that the
19 total cost is basically paid by the ratepayers.
20 And we've had a lot of problems; I know the
21 Chairman has been very much involved in this, to
22 give him credit, with the increase in the water
23 rates over the last few years. And several--and
24 you didn't address that at all in your statement
25 which kind of disappointed me.

But I'm wondering what you project in terms of the need for increases at this time. And in that connection, so I'd like to see the projections, but I'd also like to see your experience now in collection of the water bills.

Because it is something that I have discussed with your predecessors and the Water Board on numerous occasions and pointed out that though I don't like my constituents having to pay anything, it's very unfair to the vast majority of ratepayers who pay for their water charges to allow a small minority but still a substantial minority to get away without paying, a record that's quite different from the record of Con Edison, for instance, where they get like 98% or 99% compliance.

And I know that it's in part because of urging by the Council and in part because it's recognition that steps have been taken to accelerate the collection process, including the lien sale issue and the shutoff issue. But there's nothing here about that but it reflects directly on the impact of your budget on

the ratepayers. Sure. So I'd like to know,
[chuckling] get a report on that.

CHAIRPERSON GENNARO: And if I
could just to add, I guess, a comment to the
question, I've been personally very happy with the
work of Joe Singleton and his office in moving
this issue forward for the last couple of years.
And so certainly we're making progress there and
Joe is terrific as everybody knows. So I wanted
to add that comment.

But certainly the question stands
regarding that report. That was going to be
something that I was going to ask as well. But I
just wanted to recognize the good work of Joe
Singleton before you took on that question.

COMMISSIONER HOLLOWAY: Well thank
you. I think there's a number of issues raised
Council Member in your comment. So what I'll do
is hit a couple of them and then I'm sure you'll
tell me what I missed.

So let me start also by saying that
Joe Singleton in our Customer Service Division has
made tremendous strides, I think, by any measure
over the last several years in terms of both

customer service which we really look at. When you have questions with your bill, we want to make sure we get the bill right.

And that in terms of collection we're fair and helpful, as helpful as we can be. And just to give one statistic, call waiting times in our call centers have decreased from, I think, just a few years ago the average waiting time was 6 minutes. And now it's 30 to 50 seconds. And so we've done that by increasing hours, increasing walk-in locations and so forth.

How are we doing on revenues? Well first, revenues are down about 6% against plan. And that matches up interestingly with consumption. Consumption is down 5% to 6% over last year. Now that number, last June and July were abnormally cool so we had a significant, a double digit drop in consumption I think for both those months. Not sure we're going to see that happening again. But we're seeing a leveling off around 2% to 3% or 4% of in terms of the drop in consumption.

So that is something that we obviously track very closely in terms of payment

of bills. Well we're aggressive but obviously friendly about bill payment. We certainly let people know what they have to pay and then we are in the middle now of the lien sale process.

Under the lien sale process starting 90 days out from the water lien sale which basically gives the City the right to take an accumulated amount of water debt, if you qualify, and you only qualify if you've had debt outstanding of \$1,000 or more for 365 days or more, we basically can take that debt, we sell it to a trust and then the trust applies a pretty hefty interest rate and seeks to collect it.

But we are now about 60 days out from that lien sale. And it is without question one of the single most important tools that the agency, working with the Council, was able to get for 2 and 3-family homes. So just to divide the world up, 2 and 3-family homes basically are subject to lien sales, single family homes are subject to the shutoffs that you talked about and I'll get back to the shutoffs in a minute, that's about 300,000 of our customer base.

So just talking about the lien sale, the lien sale is vital, not because of the actual sales of liens, that is an extremely small percentage of accounts. If you take last year's numbers we ended up selling, I think, about 2,000 liens, .3% of the overall number of water accounts. However, when we started the lien sale process, 90 days before the sale itself, we had 18,000 accounts that were eligible for the lien sale. And I just want to make sure I get this right. We have 18,000 accounts that were eligible for the lien sale and the total revenue there on those 18,500 accounts, the total amount was for about \$180 million of revenue.

So just rule of thumb, \$20 million to \$25 million of revenue is a point on the rate. So you're looking at a substantial--even on a revenue base of about \$2.7 billion, this so called last \$200 million, you know, the amount that you're looking to collect before the end of the year and you're using this tool to try to get it is extremely important to get. Because the more we collect, obviously the better the system does,

our collections feed directly into our projections about what we're expecting to collect next year.

So the primary benefit of this tool is that it brings people in to us because they either want to pay or they enter a payment plan or in a very de minimis couple percentage point of cases that turns out that there was a problem with the bill and we resolve it, but on the vast majority of cases we get it right. Of those 18,500 accounts last year, 86% of those accounts either paid in full, entered a payment plan or we resolved the dispute and that was for \$142 million of the \$179 million in revenue.

So there is no question that the structure works. It does what it's really designed to do which is, you know, there are a lot of reasons why, and historically I guess haven't been in the top of peoples' pile, we have billed people on a quarterly basis. We're going to change that after we add automated meter reading in effect.

But I agree with you that in terms of--the models that we're going to be looking at internally, and I've already talked about this a

number of times to Joe and Steve and our team here, is look, a good credit card company, American Express, MasterCard, Visa, they cant have, you know, 56% collection rate on 30 days. Now we end up doing much better than that overall but I think we definitely want--if you can afford to pay, which is the agency's, you know, orientation towards this issue, then you should and you should pay on time.

So with the remaining 14% of accounts, they were sold in the lien sale. And, you know, so that ended up being some portion of the accounts. But overall it's 2%, I think, I want to make sure I get this right; it's .3% of the overall base of accounts, on collections.

Shutoffs, so shutoffs are a tool that we have available to us for single family homes. Obviously shutting off water is the last step you would want to take. And by the way, it's expensive to do. You have to go out to the location, go into the street, turn it off. You don't do it inside the house.

So we are just beginning, in fact the notice period for single family shutoffs, and

again, once those notices go out, we see a huge number of those people come to us and say I want to enter a plan or I want to pay you off, I didn't realize and so forth.

Now this year, just a couple of weeks ago, the Mayor and we initiated a new program, another safety net if you will, for people who--property owners who are in particular distressed, particularly if there's a risk of mortgage foreclosure where if you are in that position, you can come to us.

Let's say you would be lien sale eligible because you have more than \$1,000 of debt and it's been for more than 365 days. You can work with Joe and his team. You can basically set that debt aside. It still is attached to the property and then as long as you remain current on your bills going forward, that's all you have to worry about for now. Once people get back on their feet, they'll work on the rest of it or that outstanding debt will be resolved at transfer of the property. And so far we have 116 applications and we've approved 60 of them. We expect to approve the vast majority of them.

So I think that is a very nice, I guess, floor to the collection efforts because foreclosure doesn't help anybody. And, you know, if people are truly in distress we want to have an ability to help them ultimately so that, you know, down the road they can make their payments. But these tools are absolutely essential and I know we're going to be working with the Council 'cause we are coming up to the period where we have to reauthorize them. But your opening, what you first, I guess, the animating principle of the question was for those who pay, they end up having to bear the burden for those who don't. And we agree that shouldn't happen. If you can afford to pay, you should pay.

So I think that covered the two programs but, you know, in our collection you also asked a question about rates, the amount of rates.

COUNCIL MEMBER KOPPELL: But wait a minute, wait a minute, before we get to that. What percentage of collections are you up to now? What percentage of the bills sent out have been realized?

COMMISSIONER HOLLOWAY: Well there's a number of different ways to look at that number. Joe? Do you mind? Joe Singleton, Deputy Commissioner for Customer Services. Do you want to?

MR. JOE SINGLETON: Good morning Councilman.

CHAIRPERSON GENNARO: Well sit down. Get a chair.

COMMISSIONER HOLLOWAY: Get a chair.

MR. SINGLETON: I'll pull up a chair. Thank you. If you look at that 834,000 accounts that we have, within 2 billing cycles 88% of those accounts have no open balances. So you have about 12% of the accounts that have some level of delinquency, past 2 billing cycles. And they can range from affordable housing, commercial properties, single family; I mean it runs the gamut. But there is about 12% that have some level of delinquency beyond 2 billing periods.

COUNCIL MEMBER KOPPELL: Well and how much was that percentage let's say, 2 years ago?

MR. SINGLETON: Prior to the lien sale it was about 2 points higher. It hasn't moved significantly up or down with the lien sale.

COUNCIL MEMBER KOPPELL: You mean lower, you don't mean higher--

MR. SINGLETON: [Interposing]
Excuse me, right. It has not moved up.

COUNCIL MEMBER KOPPELL: You say you're collecting 88% of the bills.

MR. SINGLETON: Correct, within 2 billing cycles.

COUNCIL MEMBER KOPPELL: And 2 years ago what percentage did you collect?

MR. SINGLETON: It was about 2 points lower than that.

COUNCIL MEMBER KOPPELL: 86%?

MR. SINGLETON: Correct.

COUNCIL MEMBER KOPPELL: Now how many-- on the shutoff notices, I personally think that the shutoff notice is probably more effective than the lien sale. But we could debate that, I don't need to. But on the single family homes, you can only do the shutoff notice; you don't do the lien sale, right?

MR. SINGLETON: Right. And we're also barred by obviously the winter months. So last year we did over 3,500 shutoff notices.

COUNCIL MEMBER KOPPELL: Right. And how many, of the 3,500 shutoff notices, how many people paid up or entered into a payment agreement?

MR. SINGLETON: At the end of that cycle we had 27 properties that were off when we shut down for the winter. So--

COUNCIL MEMBER KOPPELL: [Interposing] So out of 3,500 only 27 didn't do something.

MR. SINGLETON: Only 27 didn't do something that's correct.

COUNCIL MEMBER KOPPELL: That's pretty good percentage response, right?

MR. SINGLETON: It absolutely is and now there's the--you know, the Commissioner mentioned it is a very labor intensive, costly process--

COUNCIL MEMBER KOPPELL: [Interposing] Not if you don't have to do it.

MR. SINGLETON: If you don't have

to do it, correct. Absolutely right--

COUNCIL MEMBER KOPPELL:

[Interposing] But you didn't have to do it for most of these people.

MR. SINGLETON: That's correct.

COUNCIL MEMBER KOPPELL: You only did it for 27 people.

MR. SINGLETON: That's--well we shut off actually about 65 and restored all but 27.

COUNCIL MEMBER KOPPELL: Yeah but you settled 65 and you got 3,500 or 3,400 people--

MR. SINGLETON: [Interposing] Correct.

COUNCIL MEMBER KOPPELL: --to pay.

MR. SINGLETON: Correct.

COUNCIL MEMBER KOPPELL: So the expense was only 64 properties. I mean it just--

MR. SINGLETON: [Interposing] Sir, we're not--

COUNCIL MEMBER KOPPELL: --how many, how many shutoff notices, you mentioned that you were not able to do it during the winter which is, I understand that. In fact, as you know, in

the legislature many years ago I crafted the program for gas and electric and we had the same kind of winter hiatus because we didn't want people to freeze to death. And I guess it's similar with the water but how many shutoff notices are you planning to send out now that the winter is over?

MR. SINGLETON: Between now and the lien sale, we'll do about 100 a week. After the lien sale concludes, we'll go to about 200 a week. [Off mic] How many are eligible? Probably over 10,000 single family homes will be eligible 'cause it's a 6-month, \$500 threshold. It's not a 1 year, \$1,000.

COUNCIL MEMBER KOPPELL: So you have 10,000 eligible but you're only going to do 100 a week? Is that what you said?

MR. SINGLETON: We'll do 100 a week between now and--

COUNCIL MEMBER KOPPELL:
[Interposing] And then?

MR. SINGLETON: --May and then we'll go to 200 a week.

COUNCIL MEMBER KOPPELL: But it

seems to me, huh, it seems to me--

MR. SINGLETON: [Interposing] I'm
sorry Council Member, let me--

COUNCIL MEMBER KOPPELL:
[Interposing] Yes.

MR. SINGLETON: --just correct
something. 10,000 homes are eligible for the
shutoff.

COUNCIL MEMBER KOPPELL: Right.

MR. SINGLETON: They will get
notices. Some percentage of them will resolve
their issue. So between the shutoffs and there is
a difference, a variance between the number of
shutoffs you actually do and the number of people
who are eligible. So, you know, that's something
to factor in. And also--

COUNCIL MEMBER KOPPELL:
[Interposing] I'm suggesting that you're not going
to have to do that many shutoffs. You said you
had 3,500 and you only had to do say 60 shutoffs
approximately. So I don't understand why we don't
send a shutoff notice to all 10,000. Why
shouldn't everybody who's eligible to be shut off
get a notice? You can always negotiate something

with--

MR. SINGLETON: [Interposing] We are--I'm sorry, the 100 to 200 were not, did we say that were notices? We're sending notices to everybody who's eligible.

COMMISSIONER HOLLOWAY: Everybody will be noticed who's eligible.

MR. SINGLETON: Yes. Every one--

COUNCIL MEMBER KOPPELL: [Interposing] And there'll be notice that they're liable for shutoff.

MR. SINGLETON: Correct.

COMMISSIONER HOLLOWAY: Correct.

COUNCIL MEMBER KOPPELL: But will they be given a date?

MR. SINGLETON: We do it in stages, rolling, a couple hundred a week but...

COUNCIL MEMBER KOPPELL: Yeah but that's what I'm trying to get at. What I'm trying to get at is [chuckling] is that in the course of the, let's say summer months, since you can't do it in the winter, it seems to me everybody who is in arrears in the appropriate amount should get a notice and you should... I realize you may get

stuck because you may not have enough people to do the work but at the very least the aim should be to give everybody a fixed date because it's not going to frighten them enough to say you're liable for shutoff.

That's not going to scare them into paying. What scares them into paying is when you say if you don't pay by June 1st, let's say you send out the notice in May, if you don't pay by-- or April, let's say, if you don't pay by June 1st, you've got to give people a little shot to make it up, if you don't pay by June 1st we're going to send someone out and shut off your water. That's going to wake them up.

MR. SINGLETON: Well Council Member I agree--

COUNCIL MEMBER KOPPELL:
[Interposing] And that's what Con Ed does. I mean I don't know the details of it. I'd have to call--but you can find out how they do it.

COMMISSIONER HOLLOWAY: We certainly are not questioning the efficacy of the shutoff program. What I can tell you is we will get back to you with the whole calendar of the way

the shutoff process works. But at the end, one of the last steps in that process is that you actually get a marking in front of your home for when we're going to come out and shut off your water.

So there is something that is a little more arresting than even a letter in the mail. So I can provide--we can provide you with that whole schedule. I think there's a little bit of confusion here between the number of people we go out and actually shut off, the number of people who are eligible for it, and then our resolution.

But one additional focus of the agency, and I talked about those four core functions in customer service, we want our collection rate--right now the shutoff rate, shutoffs and lien sales apply only to people who either for the shutoffs it's 6 months outstanding and \$500 or more of bills; for lien sale which are 2 to 3-family homes, it's \$1,000 and a year.

So we need to do more to be collecting within the timeframes before you get to the shutoff and the lien sale point. And we are going to be doing that. We're looking at

potentially pilot programs, I don't want to get ahead of myself here but, you know, we use a certain amount of tools at our disposal and there's more that we can do.

So it is definitely a focus. But there certainly is no disagreement with the fundamental notion that having this in the toolkit, both the shutoff and the lien sale capability are extremely important. And we certainly would work with you to make sure that we continue to have that authority and give you any information that you want on how we carry it out.

COUNCIL MEMBER KOPPELL: Well I'm going to make an admission. And, huh, and point out that I am all in favor of safety nets. So people shouldn't believe that I'm sort of some sort of ogre who wants peoples' water to be cut off. I think where people can show legitimate hardship, consideration should be given, payment plans should be available.

But there are many people who are just delinquent: either for negligence or because they're gaming the system. And I'm going to make an admission now. There are occasions when I

forget to pay my phone bill. And on occasion over the last years I've gotten a notice from the phone company that says if you don't pay your bill and it's usually four or five days or maybe six days, by this date, you're going to have your phone service shut off. I can assure you that that focuses my attention on the matter.

And I make sure that that bill is paid by the 6th day because my phone is very important to me. So it works. And it will work with water. And if you tell them you're going to turn off their water on June 1st, that's going to focus their attention.

Now I know we've had a lead-in period and I've been sympathetic in past hearings to the fact that the process that the systems were being put into place. But they're--not only has been time to put the systems into place but to make water users aware that they face shutoff if they don't pay.

And so it seems to me if you have 10,000 people who've met the requirement, every single one of those should at some point during the summer get the notice, if you don't pay your

2 bill or pay down your bill we're going to shut you
3 off.

4 COMMISSIONER HOLLOWAY: They do get
5 that notice. They do. We do--

6 COUNCIL MEMBER KOPPELL:
7 [Interposing] With a specific date in it?

8 COMMISSIONER HOLLOWAY: I will--not
9 a specific date on the initial notice.

10 COUNCIL MEMBER KOPPELL: No, not--
11 but that's fine. You can say you're subject to
12 shutoff. My phone company does that. But then if
13 I don't pay I get that notice in six days your
14 phone is going to be shut off.

15 COMMISSIONER HOLLOWAY: Yes. And
16 that is--

17 COUNCIL MEMBER KOPPELL:
18 [Interposing] That--are you going to do that?

19 COMMISSIONER HOLLOWAY: Well we do
20 do that.

21 COUNCIL MEMBER KOPPELL: Okay.
22 [Chuckling]. I hate to push you on this but I
23 think 88% is not good enough. Con Ed has 98%.
24 And there's no reason why the City shouldn't have.
25 Look, I'm not saying you shouldn't, as I say, have

a safety net, but people who can afford to pay have got to pay.

COMMISSIONER HOLLOWAY: We certainly agree with that.

COUNCIL MEMBER KOPPELL: Okay. Well I'd be interested in seeing, getting a specific account on the system. And the last thing I would like to just mention and I appreciate the indulgence, but you mentioned how many people you employ. And with respect to the Croton Plant, I know we've said this before, we hope that that's going to also be DEP employees who man that facility or men and women that facility.

CHAIRPERSON GENNARO: Thank you Council Member Koppell.

COUNCIL MEMBER KOPPELL: Okay.

CHAIRPERSON GENNARO: I know that Council Member Crowley has a question or questions. So I recognize Council Member Crowley.

COUNCIL MEMBER CROWLEY: Thank you Mr. Chairman. Good morning Commissioner.

COMMISSIONER HOLLOWAY: Good morning.

COUNCIL MEMBER CROWLEY: I

represent areas in Queens, Middle village, Glendale, Maspeth. In the summer of 2008 we had some serious floods, hundreds of millions of dollars' worth of damage to the homeowners. And I think it was declared a FEMA disaster.

I'm curious to know, I know that there were plans for a capital project to upgrade the sewer system, to build higher capacity. I'd like to know where we are in that process with that capital project.

COMMISSIONER HOLLOWAY: Sure. Well first the overall amount in the 4-year capital plan that we're going to be investing in Queens for sewer mains is \$332 million which is more than any other Borough. The specific project that you're talking about, I just want to make sure I get the, you know, get the details right. If I can't [off mic] is that Calamus Avenue? Is that the one that we're talking about?

COUNCIL MEMBER CROWLEY: Hum.

COMMISSIONER HOLLOWAY: Between 74th and 69th Street, Calamus and 48th Avenues? This is an upgrade to a 96-inch sewer for the entire

length of that stretch? I think that's got to be part of it.

COUNCIL MEMBER CROWLEY: It may be part of it. I know that you were doing--I think that there are two lines. And one project was beginning over by Maurice Avenue.

COMMISSIONER HOLLOWAY: Um-hum.

COUNCIL MEMBER CROWLEY: And the BQE over there.

COMMISSIONER HOLLOWAY: Well let me do this. Since we do have a number of projects there, I know that Calamus Avenue is one of them, why don't I get you a full rundown and we can give you an update on the status of each of those projects.

COUNCIL MEMBER CROWLEY: At a later date?

COMMISSIONER HOLLOWAY: Sure--I mean but then we can get it probably today or tomorrow.

COUNCIL MEMBER CROWLEY: Okay. That'd be good. And then also since it's probably going to take, you know, your 4-year capital plan, I don't imagine that by the time that's finished

at Calamus or Maurice Avenue gets all the way towards Middle Village, because that's Elmhurst or Maspeth and Middle Village is the neighborhood about a mile from that and then another mile from that is Glendale. So those are, I think this is a long-term project that's going to take upwards of 5, 10, 20 years.

But in the meantime I've heard that you have this--

CHAIRPERSON GENNARO: [Interposing] 20 years? You don't want to give him 20 years.

COUNCIL MEMBER CROWLEY: I don't want to give him that much time.

CHAIRPERSON GENNARO: No. you're on the Committee, you know--

COUNCIL MEMBER CROWLEY: [Interposing] \$322 million doesn't seem like a lot of money for 5 years when you have such an immense capital budget.

COMMISSIONER HOLLOWAY: Well--

COUNCIL MEMBER CROWLEY: [Interposing] And I understand that like \$62 million of that, I believe, a good portion of that comes from the Federal government's stimulus plan.

COMMISSIONER HOLLOWAY: Well it is true that we were able to bring a lot of work forward that was later in the plan as a result of the stimulus funding that we got. Just to give you a full breakdown, we have for sewers, citywide, \$1.2 billion in sewer upgrades in the 5-year plan.

The \$332 million is just in Queens. So that is the highest allocation of any Borough. So I, you know, in the aggregate I think it is a significant amount. Clearly we also, as we go, just last Sunday I was with the entire capital team, we did a full day review of the 10-year plan.

A lot of these sewer projects do come down to not only whether or not there's been problems with the main but also where is other work being done so that you can get it all done on one shot. If there are specific projects that you'd want to discuss or specific areas that--and turns out that aren't in the plan, you know, let's go through it.

COUNCIL MEMBER CROWLEY: Thank you for that. And just to recap on the timeline. I

have residents in the Middle Village area that are not getting--been unable to get insurance. Or their insurance is looking for that timeline so that they know that the sewers will in fact be upgraded. And my follow-up question which relates is the sustainability and the projects that you're aiming to do with that particular new Deputy Commissioner I think.

COMMISSIONER HOLLOWAY: Yes.

COUNCIL MEMBER CROWLEY: And would that include swales or permeable surfaces in and around these areas which have to wait a number of years before they have upgrades?

COMMISSIONER HOLLOWAY: Well it certainly includes swales and green infrastructure and point source improvements that can actually capture storm water because the best way to deal with it is--and sometimes the most cost effective and efficient is for it not to get into the sewer system in the first place. Right?

So absolutely yes. Whether, in terms of mapping, I guess, mapping the potential permeability and green infrastructure projects on top of where the capital projects are happening

and on what timeline, I'm not prepared to give you specifics on that today but we can certainly look at it, but we have 20 pilots on green infrastructure happening right now. And to say that we have accelerated our thinking on this is an understatement. So we can follow up.

COUNCIL MEMBER CROWLEY: Okay.

Thank you. And if you're looking for a partner I could help you in my Council District, find spaces. Anyway, my final question has to do with noise pollution. In my district there are a lot of trains that run through it, Long Island Railroad and private CSX rail line.

Have you, I know it's sort of like an issue that is a Federal government as it relates to rail, but the noise and the vibrations that come from these rails affect City residents. And I believe that we have some jurisdiction over that. Could you tell me what you actually do and what we can do together to eliminate some of this noise?

COMMISSIONER HOLLOWAY: Sure.

CHAIRPERSON GENNARO: And if I could just jump in for a second. I know that with

1
2 regard to the noise code that we worked on during
3 the Mayor's first term and passed in 2005, it's my
4 understanding and when Liz asked this question it
5 just, you know, jogged my memory on this, I know
6 that DEP got some kind of award for the noise code
7 or whatever. And with regard to construction
8 projects or something, so as part of your answer I
9 think it would be good for the folks to know the
10 award that DEP got for its forward-thinking noise
11 code if you could just sort of fold that into your
12 answer.

13 COMMISSIONER HOLLOWAY: Yes. So
14 the noise code which was, I think, one of the
15 hallmark quality of life improvements and
16 initiatives that DEP really was responsible for
17 undertaking with the Council's support was given
18 an award from NIOSH just two weeks ago. I want to
19 make sure that I get the exact name of the award
20 right. So if somebody can just 'cause it's--
21 there's a specific tag on it but basically it was
22 the Federal government recognizing the City of New
23 York for the work that we've done to both mitigate
24 construction noise and to create standards by
25 which it is measured.

1
2 Interestingly, DEP is, and in the
3 terms of the way our budget is allocated, we're
4 really, we do a lot with the whole environment but
5 you'd think it's water, you know, is a big part of
6 the expense in the Capital Budget. One of the
7 highest numbers of complaints that we get through
8 311 are noise complaints.

9 And because of this noise code we
10 have inspectors who go out. We follow those
11 complaints. We go out. We inspect at all hours
12 of the day and night. I can tell you 'cause I
13 read the correspondence that comes in about
14 specific problems. And then we work to resolve
15 it. If there's--and it comes down to is it--you
16 measure the decibel level and determine whether
17 there's a problem and at what times.

18 And then whether we have formal
19 jurisdiction or not, we certainly have
20 relationships with our Federal and State partners
21 and so any--certainly I can commit that any
22 specific issue, we'll look into if we haven't
23 already, I'm sure that some of the areas that
24 you're talking about, if I go back and talk to
25 Mike Gilson who heads up our unit there, he'll be

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2 familiar with it. But we do use every tool at our

3 disposal, both the carrots and sticks to try to

4 get the outcome which is less noise.

5 COUNCIL MEMBER CROWLEY: Do you

6 deal with vibration?

7 COMMISSIONER HOLLOWAY: Vibration

8 is, I don't--there's no a separate vibration code

9 but to the extent that noise and vibration, I

10 think noise can be a good proxy for any impacts

11 that I guess the heavy infrastructure that can

12 cause noise like trains, so I would guess if

13 you're dealing--

14 CHAIRPERSON GENNARO: [Interposing]

15 They do have that with bars and stuff--

16 COMMISSIONER HOLLOWAY:

17 [Interposing] Yeah there--

18 CHAIRPERSON GENNARO: --there is

19 like a vibration law--

20 COMMISSIONER HOLLOWAY:

21 [Interposing] Yeah there's vibration in the

22 building code--

23 CHAIRPERSON GENNARO: --standard

24 and that's--

25 COMMISSIONER HOLLOWAY: --and

things that you have to design to.

CHAIRPERSON GENNARO: --we did put that in when we did do that. But that's really more with like, you know, nightlife establishment kind of things, that's my recollection. But there was a vibrational standard which was something that was seen at the time as quite a thing. But with regard to rail yards and that kind of thing I don't know how we really deal with it. Anyway I just wanted let you know there is a--

COMMISSIONER HOLLOWAY:

[Interposing] I can get back to you on that--

COUNCIL MEMBER CROWLEY:

[Interposing] And Mike?

COMMISSIONER HOLLOWAY: Mike

Gilson--

COUNCIL MEMBER CROWLEY:

[Interposing] Okay.

COMMISSIONER HOLLOWAY: --is the Assistant Commissioner for our--and hang on, it's the--just to get back to the award it was the 2010 Safe and Sound Excellence in Hearing Loss Prevention Award. And this was from NIOSH, that's the National Institute for Occupational Safety and

Heath, and the National Hearing Conservation Association. And I've worked closely with Dr. John Howard who's the head of NIOSH on a number of issues. So getting this award was a particularly good thing, good recognition.

Let me, in terms of vibration, thank you Council Member for the assistance there in terms of where in the codes, but we can also make sure that you get connected with our unit and, you know, if there's vibration in all likelihood there is probably noise. So.

COUNCIL MEMBER CROWLEY: Thank you.

CHAIRPERSON GENNARO: Thank you Council Member Crowley. You should use being on this Committee to your district's full advantage and I'm sure the Commissioner will deal with all the issues in your district right after he deals with mine.

COMMISSIONER HOLLOWAY: [Laughing]

CHAIRPERSON GENNARO: So you're in the line right behind me. No. No. Everybody gets taken care of with DEP. Everybody gets taken care of.

COMMISSIONER HOLLOWAY: I guess I

will use that Council Member as a chance to say Mark Lanegan [phonetic] and Rick and the Matt Mahoney our Government Relations Team, I think do get universally great reviews for responsiveness and while we can't fix every issue over night I can tell you that we are tremendously attuned to what's happening out there in the street and our goal is to address it.

CHAIRPERSON GENNARO: I can certainly speak to that. I was dealing with a constituent issue with Mark Lanegan a couple of weeks ago on a Sunday 'cause I have his cell phone. So--

COMMISSIONER HOLLOWAY:
[Interposing] [Chuckling] Me too.

CHAIRPERSON GENNARO: Yeah that was, Mark is usually off on the weekends but--or maybe just have the Caller ID feature so if you see it's me, you'll pick it up as you do and I thank you for that. And Rick and everyone else in that office are terrific. And speaking of staff that does such great things, I see Jonathan Rosenberg from our--in the bleachers today. And so I thank Jonathan for being here and helping us

out.

I'm going to take a little walk through your statement here. Then I have some prepared questions. And so now I'm reading from your statement. Something that I never really thought about before in this way but I see on the bottom of page 1 in your statement, the 6,600 miles of water mains, the 7,400 miles of sewer mains, and we're talking about all of the investment that we're making to replace water mains and sewer mains.

And this is kind of like a theoretical question. Does DEP look at the, you know, look at the 6,600 miles of water mains, 7,400 miles of sewer mains and think in terms of the replacement cycle for that? For example, is it the type of thing where DEP looks at, okay, if we replace so many miles of, you know, water mains over the next, you know, 10 years or the next 1 year or 10 years and so many miles of water mains over the next 1 year or 10 years, then that will-- then we'll be on pace to redo the entire system like in 100 years or 150 years or 200 years or whatever that calculation would be.

Does DEP look at the replacement of water and sewer mains in terms of, you know, staying apace of how long it would take to replace the whole system? Because presumably, you know, there is some life to, you know, how long like how your average water main or, you know, sewer main can, you know, stay in the ground. And is there a view towards we have to make sure we replace so many per year or so many in every 10-year period so that we, you know, redo the entire system in 100 or 150 or 200 years or whatever it is. Is it approached from that perspective?

COMMISSIONER HOLLOWAY: Yes, yes and no. the replacement cycle which is a standard management way of looking at making sure you keep up your capital and physical plant, it's something we're aware of the, you know, how long something's been in the ground. We have a full, we can do a full breakdown for both sets of sewer and water mains. What's the age? When was it put there? What are the issues?

But we aren't, I guess I would say, that the replacement criteria are not driven primarily by an overall replacement cycle. There

are a couple of things that we look at. And we have great GIS mapping so we're able to look and see where are we having break issues. Are there some areas where we're seeing clusters? If that's the case then maybe something's happening with the wider network there so you look and see well is that an area where we need to focus investment.

We're also driven in part by; we work closely with DOT in terms of street because you have to open up the street. You only want to open--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --up the street, if you can open it up once, then you'd prefer to do that because DEP has the ability also to say, hey, Con Ed, we're going into the street so you need to fix everything too because we're going to in and fix these mains.

And we have some big projects where there's ongoing coordination like 2nd Avenue Subway, you know, we're meeting with the MTA all the time to deal with those projects.

So now interestingly, one of the

things that I am starting is an Office of Operations and Management Planning which is going to be tracking metrics for those four core goals that I talked about in the utility area, looking at, you know, water main replacement, where it's happening. Looking back at--we haven't yet taken full advantage of all the data that we have and applied it using the GIS mapping technology that we have.

So there's more that we can do in terms of managing replacement in exactly the way that you're talking about. I think given the magnitude of the system, you know, we could come up with a replacement cycle period calculation, you know, it might be as you say 150 years or--but that doesn't mean that the system--that that's necessarily a problem. I mean some of these water mains, they last a long time. I mean the great thing about the system is it's built to last.

So we do obviously have to be very thoughtful about the way that we allocate. And then there's a lot that we still are developing new water mains. We're still finishing parts of the system and so anyway, yes and no.

CHAIRPERSON GENNARO: Okay. Also I meant to say at the outset of my questions, this is a budget hearing and so certainly we're mindful of trying to save the City money. I just wanted to give a special recognition to DEP's efforts in the last couple of months with regard to the whole gas drilling issue which everyone knows I'm kind of wild about. As a matter of fact I'm going to New Paltz tonight to participate in some bit hoo-ha that they have up there with, you know, Maury Hinchey and a bunch of folks to talk about this issue.

And I'm just very grateful for the hard science that DEP put on the table at the end of last year. You and I had a conversation about that prior to that coming out. We've been talking to Steve Lawitts for this for a long time.

And DEP really came through in a big way. And in a way that takes real courage because you're, you know, putting that science on the table and now the State has to digest that and perhaps they would rather have not had, you know, DEP put forward that big, you know, matzo ball on the table so to speak for them to chew on. But I

think the science that was put forward is not only going to save the ratepayers of New York ultimately a lot of money but really is something that's being used and quoted around the country.

So this is budget hearings. We talk about things that are good for the City's pocketbook. I think that that action on DEP's part was very good for the City's pocketbook. And I just want to commend you for that. People should know that. People watching this on TV, on Channel 74 or whatever should know that the DEP and the Bloomberg Administration did a great thing in putting that body of science which is challenging the State's notion that this kind of gas drilling is okay to do within the confines of an unfiltered drinking water supply.

And the Bloomberg Administration and DEP said that it wasn't. Backed it up with science. It's all well and good for me, you know, to kind of pontificate about it but what the State really responds to is science and you guys have done that. So we're not done, you know, but that was a great thing that DEP did and I wanted to recognize that in a special way. So you know--

COMMISSIONER HOLLOWAY:

[Interposing] Well thank you. And I will just take 10 seconds. It is a critically important issue. And the Mayor did not have a knee-jerk reaction as he never does. I mean the Administration's decision is based on--is data driven. And so we went and got the data on this one. And our assessment is that based on the current science and technology for what the State has put forward which is horizontal and hydro fracturing, it's not--it can't safely be done in the watershed without jeopardizing the quality of New York State's water.

And I think that when you look at it in terms of sheer numbers, the New York City Watershed provides drinking water for roughly half of New York State. So it's not just 8 million people in the City. It's 1 million people outside the City. And, you know, once you get to the point, if you don't make a determination at the time--set the boundaries and the ground rules for this kind of activity at the outset, you know, you will end up in a place where you're not really able to un-ring the bell, so to speak. Because

once a determination is made for us, hopefully it will never be made, but if it was ever made for us to filter, that would be tremendously costly but it would also mean that this natural resource, you know, had passed a certain point of no return.

And so it is within, I guess the simplest way to look at it is, it is certainly within our power to control. And by our, I mean the collective power of the State and the City together, to control what kind of activity happens in the watershed and where.

And Council Member, you being one of the key people who had worked on the filtration avoidance determination, you know, 10 years ago and then the 12 years ago and the re-upping of it in 2007, 1 of the driving factors of that determination is control, control of the watershed. And this activity, by any measure, requires invasive industrialization and the injection of hundreds of thousands of tons of proprietary chemicals into the ground. And based on the research that we've done it can't happen and not pose a substantial risk to the watershed.

CHAIRPERSON GENARO: Yes that is--

truer words were never spoken and did I say that already? Truer words were never spoken? [Off mic] All right. Okay. Thank you. Thank you Commissioner. And [off mic] oh. Oh sure. Okay. We're joined by Council Member Vallone who was here and who is back. [Off mic] Sure.

Out of deference to Council Member Vallone who was here and who was here on time and who is the de facto Chairman of the Environmental Protection Subcommittee on Watershed Security, there is no such Subcommittee but if there were Council Member Vallone would be the Chairman of that Committee, out of respect for him and his time, he has a question. I want to recognize him now for whatever questions he may have, Council Member Vallone.

COUNCIL MEMBER VALLONE: I won't even ask a question. I'll just make a brief statement [off mic] Because I know it's... I think I was not. Hello? Okay. I won't even--in deference to the time I won't ask any questions. I just wanted to make a brief statement, welcome our new Commissioner. Thank you, you're doing a great job and so is Deputy Commissioner Lawitts.

And we were together at a Queens Borough Board meeting. And I just wanted to place on the record my objection and I'm sure our Chair's objection to the water rate increase that is proposed. Not only have water rates gone up close to 50% in the last 4 years but this one is particularly egregious in that you are now intending to punish people for conserving water. People have conserved water. So apparently your income has decreased.

And now you're looking to go to a flat fee. I'm not sure many people know that yet. That's, the Water Board is positing a percentage flat fee, not entirely but I'm told it wasn't delved into too thoroughly so far so I just wanted to place in the record my objection to that, I'm sure our objection to that for conservation purposes it would be a disaster to not allow people to conserve to avoid the huge increase that you're proposing. So I wanted to place that on the record here. And I would have asked questions about that and the watershed obviously but in deference to time I'll handle that in person. Thank you Mr. Chair.

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2 CHAIRPERSON GENNARO: How about the

3 cops? You're not going to ask about the cops?

4 COUNCIL MEMBER VALLONE: Well I was

5 going to but--

6 CHAIRPERSON GENNARO: [Interposing]

7 [Laughing]

8 COUNCIL MEMBER VALLONE: --have we-

9 -are we--

10 CHAIRPERSON GENNARO: [Interposing]

11 - - you ask about the cops--

12 COUNCIL MEMBER VALLONE:

13 [Interposing] Are we any near the 188 that the--

14 CHAIRPERSON GENNARO: [Interposing]

15 Hold on. It's right here in the statement. Hang

16 on.

17 COUNCIL MEMBER VALLONE: Okay.

18 CHAIRPERSON GENNARO: It's right

19 here.

20 COMMISSIONER HOLLOWAY: We're at

21 191.

22 CHAIRPERSON GENNARO: Yeah 191.

23 The--

24 COUNCIL MEMBER VALLONE:

25 [Interposing] See I knew you were going to do a

good job.

CHAIRPERSON GENNARO: --statement
in the thing is--

[Laughter]

CHAIRPERSON GENNARO: Here's the
statement. DEP also has a watershed police force
that is fully staffed at 191 police officer,
environmental police officers, so 191 is the...

COUNCIL MEMBER VALLONE: Last year
we were no where near that. To what do we
attribute this good fortune Commissioner?

CHAIRPERSON GENNARO: You Peter--

COUNCIL MEMBER VALLONE:
[Interposing] Okay.

CHAIRPERSON GENNARO: --you.

COUNCIL MEMBER VALLONE: Well we're
done then.

COMMISSIONER HOLLOWAY: Well I
will, we have a Deputy Commissioner who's been on
the job I think for a little bit over a year now.
Kevin? [Off mic] Not quite a year. Kevin
McBride who is our Deputy Commissioner for Police
and Security. And he was formerly, he has joined
us--came over from NYPD. He also, we now have a

new Chief of Police, Chief Peter Fusco and I think tremendous strides have been made in not only the degree of monitoring and work that we do but the professionalism overall of the force. And I think it really is a job that people want to have.

So it's been a focus and he's been doing a great job. And I'm happy to give you any more details on that.

COUNCIL MEMBER VALLONE: Again in deference to time I'll get those from you on a future date but congratulations to both of you.

CHAIRPERSON GENNARO: Thank you Council Member Vallone.

COMMISSIONER HOLLOWAY: Thanks.

CHAIRPERSON GENNARO: Not that I think that's enough--

COMMISSIONER HOLLOWAY:
[Interposing] Right.

CHAIRPERSON GENNARO: --but at least we're moving in the right direction.

COMMISSIONER HOLLOWAY: Better.
Thank you. Thank you Council Member Vallone. And with regard to the water, I mean I didn't, you know, so much wanted to turn this into a water

rates hearing although certainly it's a monetary issue and we should broach that.

But I'm going to be doing something; well the Committee will be doing some other sort of separate thrust on the rates. And I guess this is a, you know, comment. I guess in my own institution as well as to the Administration, you know, one of the very challenging issues with regard to, you know, water rate setting is the spiraling, you know, rental payment which people aren't, you know, people don't know the inside baseball of City government and, you know, the way rates are set.

There is a payment that is made by the, you know, Water Board to the City every year and the purpose of that payment, again, sort of more, you know, jargon here is to satisfy some of the, you know, pre-1985 general obligation water and sewer bonds before we had our own ability, before the Water Board had its own--before the Water Board was created and had the ability to go to Wall Street and borrow money.

And in recent years the rental payment is divided between, you know, satisfying

that debt which has to be done and also, you know, the money goes back to the Administration for purposes that are not, you know, related to water and sewer. And that amount is like it's 15% of the Water Authority debt. And, you know, part of that number goes to pay for these pre-1985 bonds and the rest of it, we call it the residual, you know, goes to the City's general fund. So when you look at how this graphs out, this is not a situation that's, you know, really sustainable because over time the, you know, rental payment residual is going up and up and up.

And so what I think the Bloomberg Administration and our side of City Hall has to ask is to what extent are we willing to sort of, you know, jointly, you know, work on a solution to this or at least at a minimum to sort of jointly recognize the path that we're on now that like within a couple of years we'll have to raise water rates 15%, 20% just to pay for this, you know, so-called rental payment.

And like the regular water rate increase will go on top of that. And I, for a couple of years, you know, spent, you know, some

time, you know, yelling at the Administration that we've got to get this under control. And I guess last year I kind of changed, you know, tactics a little bit and I asked my own institution whether, you know, we had the stomach to engage the Administration in a discussion that would, you know, lead to curtailing to some extent this rental payment and to figuring out where, you know, we as a Council would recommend like the money shortfall that would be created by getting rid of the rental payment or scaling it back would come from.

And my own, you know, my own body here didn't have any stomach for that conversation. And so now we're in a year of great financial strife and I don't think anybody has the stomach for this kind of conversation of where we're going to, you know, plug \$150 million budget gap. And so again, you know, DEP is not the bad guy here because DEP like doesn't get the money from the rental payment it goes to the City's general fund.

And I'm sure that DEP would like nothing more than to keep that money and to make,

you know, good investments in things that it needs to do to keep, you know, quality of water coming to the City. And so but that is with regard to Council Member Vallone's comment and Council Member Koppell's comment about where, you know, water rates are going, you know, that is, you know, the big 800-pound gorilla or white elephant or, you know, whatever kind of, you know, metaphor you want to use.

Like that's what's really, you know, driving water rates into the stratosphere and it's going to take a joint effort on the part of the Administration and the Council to figure out like where we go with this. Because while we can all agree that it's probably not going to happen, that we're going to let this graft just rise out of sight, when we get down the road like 10 years from now, and we're paying like rental payments of \$300 million and \$400 million a year to the City's general funds from the water and sewer ratepayers.

Like I said, while we can all agree that that is something that hopefully is not going to happen, the act of figuring out how we as a

Council and you as a Bloomberg Administration figure out how to, pardon the metaphor, sort of like turn off the spigot, that's like the hard part. We should have that conversation. I'm going to try to foster this conversation on my side of City Hall.

And I'm sure, you know, DEP doesn't enjoy being sort of blamed like, you know, for the rental payment because it is not of DEP's doing at all. And so I don't want to give the Commissioner a hard time about the rental payment. He didn't invent it. This was not a concept that was invented by the Bloomberg Administration but it's here and we're put in office to sort of deal with problems.

I see this unsustainable, you know, water rate rental payment as something that, you know, we were elected to deal with. And I'll, you know, try to do as much as I could on my side of City Hall. But it would be nice if this year we were able to at least make a recognition. Just look at that graph line.

Look at, you know, where the rental payment residual is going over time. The hundreds

of millions of dollars that will have to be paid every year and, you know, what that's going to do to water rates every year until we sort of figure out a way to ride this bull.

And so my goal for this year, we all look at that graph, we all see where it's going and we have a handshake that we've got to do something about it. We can't fix it this year. But I mean that's--but no conversation about water rates and where they're going are complete or anywhere near complete without having a discussion of the thing that nobody wants to talk about which is this, you know, water--which is this, you know, water rate, you know, rental payment residual. And--

COMMISSIONER HOLLOWAY:

[Interposing] Do you mind if I?

CHAIRPERSON GENNARO: Yeah. And so again this, you know, you didn't invent this problem but, you know, we're all looking for--you know, sorry for the long discourse on this but, you know, we can all talk about how we don't want water rates to go up, like that's how we get to it. And it can only be done, you know, when this

Council and this Administration sits down, has a beer, looks at this graph line and we all tell ourselves we can't be doing this, you know, and so that, that's where this is going.

COMMISSIONER HOLLOWAY: Well. So a couple of things. This isn't a rate hearing and I guess we'll--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --get the opportunity to go over whatever--

CHAIRPERSON GENNARO: [Interposing]
Which is why I didn't want to get into the whole thing because in order to do the whole rate thing I'd have to talk a lot about the rental payment and, you know--

COMMISSIONER HOLLOWAY:
[Interposing] But I do think since it has been--

CHAIRPERSON GENNARO: [Interposing]
Yeah.

COMMISSIONER HOLLOWAY: --raised by you and Council Member Vallone and before he left, Council Member Koppell. Just, I, in terms of the discussion about the rate and we haven't put a

rate proposal forward yet but, you know, we are, the agency probably has--discloses more about its operations through the prospectus statements and everything that we do to finance the operations and the capital program so it's out there for the world to see. But I, one thing I definitely agree with is you can't look at any of these problems in isolation.

And I didn't invent the rental payment but I do bring a citywide perspective to this job, just based on where I came from. So I don't have a--so I guess it doesn't save me that I didn't invent it or that, you know, DEP would prefer to have as much funding as possible to go specifically toward the water system.

A couple of things. First overall the rental payment is about 5% or 6% of--traditionally has been about 5% or 6% of the overall revenues of the system. The big ticket items--

CHAIRPERSON GENNARO: [Interposing]
You've got to look at the graph line. You've got to look--

[Crosstalk]

2 COMMISSIONER HOLLOWAY:

3 [Interposing] Oh I know the graph line. I'm going
4 to come back to that--

5 CHAIRPERSON GENNARO: --that's
6 like--

7 COMMISSIONER HOLLOWAY: --I'm going
8 to come back--

9 CHAIRPERSON GENNARO: --that's the
10 scary thing.

11 COMMISSIONER HOLLOWAY: --I just
12 want to make sure--

13 CHAIRPERSON GENNARO: [Interposing]
14 Yeah.

15 COMMISSIONER HOLLOWAY: --I'm going
16 to come back to that. But the, if you look at
17 right now \$.37 on every \$1 that we bring in goes
18 to debt service, 42%, \$.42 is for operations and
19 maintenance, the agency is operating under
20 headcount and I'm doing an across the board 8%
21 budget cut so let's just say that even though
22 there may be more to be done there you would do it
23 on an incremental basis. So on the expense side
24 we're moving pretty aggressively.

25 Debt service, what drives debt

1
2 service? Well what drives debt service is the
3 projection of the cash on hand that we're going to
4 need to pay all of the construction workers who
5 are on our projects. At the beginning of my
6 testimony I talked about our 3 biggest projects,
7 ongoing right now, City Water Tunnel number 3, the
8 Croton Water Filtration Plant and the UV.

9 I think it is hard to underestimate
10 or understate the extent to which if you're
11 building essentially the equivalent of City Water
12 Tunnel number 1 and 2 at the same time and doing
13 \$1 billion of capital construction on top of that,
14 if you look at the cash flow needs of the system
15 just to pay construction workers who are, I mean
16 we provide great jobs and it's going to be
17 infrastructure that's with us for a long time but
18 there's a legitimate timing question to ask.

19 Because Croton is \$1.4 billion,
20 \$1.5 billion--no I'm sorry, \$2.7 billion. The UV
21 Filtration Plant is \$1.4 billion. City Water
22 Tunnel number 3 is \$6 billion and the Newtown
23 Wastewater Treatment Plant, we just broke ground
24 on a, you know, more than \$300 million residuals
25 building. Just on our main projects we have 2,200

construction workers a day. They work for companies where, you know, we have to make payroll.

And if you lay on top of the, say you show our rental, I'm sorry, the rate increases is a line that clearly over the last few years has been going up, if you lay on top of that the cash flow needs of the system they line up very nicely. I'm mean well they line up well.

So what do you do about that? Because if you're talking about just in a comprehensive way 5% or 6% of the revenue stream that is the rental payment, still the driver, what is driving because the size of the City's workforce and in fact we're a couple of hundred positions under headcount and we're continuing to look at cutting the expense budget, but one question to ask is well why?

Why is it that we're building all these things at the same time? And the answer to that question is that in a lot of cases we don't have much of a choice. There are regulatory mandates. And that is, you know, the Safe Drinking Water Act and the Clean Water Act dictate

to a large extent what the City is doing. When we turn on the ultraviolet, the UV plant, it's going to provide secondary disinfection for water from the Catskill-Delaware. Right now 100% of water is treated with chlorine. That's one method of disinfection. Croton water is going to be filtered. The water from Cat-Del is going to be secondarily disinfected with UV.

Now. From a public health perspective, secondary disinfection is good. There is a rule. And the rule requires secondary disinfection or a determination by the EPA that you don't have to disinfect--or that you don't have to filter. I'm sorry. So we have the filtration avoidance determination but we also have to do UV.

Now. What does UV do? It kills *Cryptosporidium* which is--and *Giardia* which are two pathogens that chlorine doesn't deal with so well. You might say well is there a huge problem with crypto in the water system. No, there isn't. But the rule requires the secondary disinfection. That doesn't mean that you don't want to have the secondary disinfection. But would you build the

plant at the same time that you're building the Croton plant?

The Croton plant is also driven by the rule which says either get a filtration avoidance determination or filter. The Croton watershed is much more heavily industrialized than the watershed, the Cat-Del watershed, so arguably you could say well you're going to need the water filtration plant at some point. So we're going to be able to turn it on in 2012.

Just so you know, we're meeting water quality standards right now without filtering. We don't have Croton on right now but we could. And so building all of those things at the same time in addition to doing multi-billion dollars projects at all of our wastewater treatment plants, and by the City is meeting for the first time ever, secondary treatment standards on a monthly basis under the Clean Water Act.

So the investments are--many of the investments are a good thing. But you would say well, would you build all of these things at the same time, to turn them on at the same time? I think the answer is clearly no. Because, you

know, funding \$1 billion of construction is something that is, you know, it costs money, even if we get a decent interest rate. And we had benefited to some extent by the interest rates. And we can go more into this in the rate hearing but I do think that you can't just focus on 5%.

Now just coming back to the rental payment for a second. We did this study. It turns out that that payment, you know, really is average or below average for payments that water utilities generally make to--

CHAIRPERSON GENNARO: [Interposing] Yeah but for folks who... Let's just take a look at what the residual rental payment is going to be, \$150 million or whatever it's going to be this year, something like that--and I think--

COMMISSIONER HOLLOWAY: [Interposing] I think actually based on interest, we think it will be between \$100 million and \$120 million.

CHAIRPERSON GENNARO: So the residual.

COMMISSIONER HOLLOWAY: Yes.

CHAIRPERSON GENNARO: So the

residual, so let's say it's \$120 million 'cause it suits my argument. Let's say it's \$120 million rather than \$100 million.

COMMISSIONER HOLLOWAY: Um-hum.

CHAIRPERSON GENNARO: And if every point of the rate is a point on the rate is what, \$20 million, \$25 million? Like \$25 million? \$22 million. Okay. So if it's \$22 million, so, you know, \$22 million into \$120 million, whatever that is, it's almost 6 points. So I mean it's fair to say that at least 5 points of whatever the increase is going to be this year is due to the residual.

And that's a lot of points. Now we really haven't figured out a way to kind of--and that's one thing. But a couple of years from now it's not going to be like 5 points, it's, you know, dedicated to the residual. We'll be raising rates 10 points just to pay the residual. You know, 15 points to pay the residual. And that's just a place where it can't go.

And 'cause if you look at what 15% of... and once the pre-1985 bonds are paid off then the entire rental--but there won't be like the

concept of a residual. It will no longer apply. It will be like all of the monies, so a full 15% of the debt service that's paid every year on water and sewer bonds are going to go back to the general fund. And that's just a lot of money. And so then we won't be talking about, you know, getting rid of these pre-1985s.

We're talking about all this money going to the City's general fund. And again it wasn't created by the Bloomberg Administration, you know, we didn't do it, you know, you didn't do it. But, you know, here we are.

And I think this year is probably as good a year as any to say hey, not much we can do about it this year but let's not get to a place where we're raising rates, you know, 10 or more percent just to put money into the general fund that's got nothing to do with water and sewer.

I just think that on a conceptual level that that's something that has to happen. And I just [chuckling] I've always believed that we should do something about that. I'm much less strident in my approach to this than I, you know, used to be because there's the recognition on my

part that, you know, I just can't yell at the Administration or the Water Board or whomever, you know, that this side of City Hall has to look in the mirror and, you know, we have to say, you know, what are we willing to do to be part of this thing.

And how do we make up like the shortfall that would come about due to us trying to not take all this rental payment. I think that's a conversation that, you know, if I can't get my own institution to sort of face up to that, then I should shut up, you know.

And so I'm going to do my part to try to get them to sort of, you know, look at that issue. And we would just, you know, ask the Administration to do the same thing. So I think we, you know, I think we agree, you know, and I--

COMMISSIONER HOLLOWAY:

[Interposing] Yeah. We're going to have--and I know we'll have a lot of opportunity to go through this. I mean I do think that--but we certainly will be putting a proposal forward and there's a lot to talk about with the whole structure. And my point is that there is--it's a piece--

2 CHAIRPERSON GENNARO: [Interposing]
3 Right.

4 COMMISSIONER HOLLOWAY: --and it's
5 a significant piece--

6 CHAIRPERSON GENNARO: [Interposing]
7 Right.

8 COMMISSIONER HOLLOWAY: --but there
9 are also legitimate services--

10 CHAIRPERSON GENNARO: [Interposing]
11 Oh yeah, yeah.

12 COMMISSIONER HOLLOWAY: --that the
13 system are provided by the City and I'm just, as a
14 matter of comparison, it doesn't--it's not
15 something that is uncommon or even out of step
16 with other major water utilities across the
17 country. I understand the point about--

18 CHAIRPERSON GENNARO: [Interposing]
19 Right.

20 COMMISSIONER HOLLOWAY: --the
21 timeline--

22 CHAIRPERSON GENNARO: [Interposing]
23 Um-hum.

24 COMMISSIONER HOLLOWAY: --and, you
25 know, once the debt is retired and so forth.

2 CHAIRPERSON GENNARO: Yep.

3 COMMISSIONER HOLLOWAY: So we can
4 talk about that. But also though, you know, you
5 don't want to deal with the tail and not the dog,
6 I guess. You know.

7 CHAIRPERSON GENNARO: Right, right,
8 right.

9 COMMISSIONER HOLLOWAY: What is it
10 that the--what is it that's driving the overall
11 investment in the system and over the course of
12 the next 10 to 15 years for example--

13 CHAIRPERSON GENNARO: [Interposing]
14 Um-hum.

15 COMMISSIONER HOLLOWAY: --what is
16 it we have to build, in what order, by whose, you
17 know, by whose direction?

18 CHAIRPERSON GENNARO: Right.

19 COMMISSIONER HOLLOWAY: And can we
20 work together to manage that. And I think that
21 what you mentioned at the beginning and thank you
22 very much for the support, the agreement that we
23 recently made with NRDC--

24 CHAIRPERSON GENNARO: [Interposing]
25 Right.

2 COMMISSIONER HOLLOWAY: --and the
3 environmental groups on Jamaica Bay. If you can
4 have that kind of a discussion across--

5 CHAIRPERSON GENNARO: [Interposing]
6 Right.

7 COMMISSIONER HOLLOWAY: --the board
8 where the agency and the City can look at a level
9 of investment over a course of--

10 CHAIRPERSON GENNARO: [Interposing]
11 Um-hum.

12 COMMISSIONER HOLLOWAY: --years.
13 You know, doing a set of investments over 10 years
14 that are going to have a material impact on water
15 quality--

16 CHAIRPERSON GENNARO: [Interposing]
17 That's where I want the money to go.

18 COMMISSIONER HOLLOWAY: Right.

19 CHAIRPERSON GENNARO: So I'm on
20 your side--

21 COMMISSIONER HOLLOWAY:
22 [Interposing] So anyway.

23 CHAIRPERSON GENNARO: --I mean as
24 well as, I mean everyone likes, you know, teachers
25 and firefighter pensions and new schools and

everybody loves all those things. And that's where the rental payment residual goes. But when, you know, people think about paying their water bill they think about doing good things like we did the other week down in Jamaica Bay, taking nitrogen out of the Bay and doing, you know, water quality stuff.

And people just have this notion that, you know, when I pay this water bill, pretty much all this money is going to something that's water-related. And that's what I want to see. So we're--and I would defy, you know, other water systems around the country to, you know, to take like an, you know, 8%, you know, budget cut and still, you know, do things that you guys are, we are, you know, doing together.

So all the good work is duly noted but, you know, it's just--and there's lots of people going to be talking about the water but I'm going to sort of continue to be a voice for, you know, sort of like rental payment sanity. To put us on some kind of trajectory that makes sense. Because I think, you know, the current agreement that we all walked into that was set back in 1985

or whenever it was; it's just something that has to be looked and, you know, tweaked as appropriate before it just gets silly, you know. 'Cause I want to--I want you to have that money and be doing good things with it.

And so, yeah, let me just continue on with my questioning here. Yes I was going to put in a special congratulations, that you mentioned here in your statement about that for the first time the 14 plants are meeting their, you know, Clean Water Act standards. And that is a very big deal. We very much appreciate that. I want to recognize that.

COMMISSIONER HOLLOWAY: Thank you--

CHAIRPERSON GENNARO: [Interposing]
Sure.

COMMISSIONER HOLLOWAY: --and that is years of investments in the--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --you know, wastewater treatment--

CHAIRPERSON GENNARO: [Interposing]
Um-hum.

COMMISSIONER HOLLOWAY: --plants and also achieving that goal requires, you know, each of these plants really is their own... they use a lot; they all use basically the same basic technology but the mix--

CHAIRPERSON GENNARO: [Interposing] Right.

COMMISSIONER HOLLOWAY: --the scientific mix requires a high degree of skill for everyone, the sewage treatment workers and the electricians and engineers and everybody working at those plants. so it's really--the fact that we also able to achieve that standard and we're only two-thirds done with the construction at Newtown Creek means that we're going to end up doing a lot better than that too.

CHAIRPERSON GENNARO: Right. Here's something where I kind of want to talk about and I don't think--I'm going to be on your side on this, I think. For the bio solids, we were doing the, you know, so-called beneficial reuse. We want to save millions of millions of millions of dollars a year to do, I guess, all our partial kind of landfilling. And that seems to be

a direction that, you know, DEP is going.

And while the staff of the Committee, you know, may disagree with me on this, you know, while I was all for the beneficial reuse, I mean we have to, you know, bring cost into the mix here. And so an obvious question is well is the, you know, it's more sustainable if you do like the beneficial reuse and whatever but at what cost? And so this is something that I'm not going to give you a hard time on.

But I think I want to give you an opportunity to, you know, speak to, you know, DEP's philosophy and, you know, moving towards a landfilling-based operation or whatever portion it is, whether it's all or some or--

COMMISSIONER HOLLOWAY:

[Interposing] Yes.

CHAIRPERSON GENNARO: --and we were doing this, you know, pursuant to some Federal mandate or whatever it was? You said we had to do beneficial reuse or something that we were doing on like a voluntary basis? I'm not sure. But DEP has either been guided by the Federal government or has guided itself along a track of doing the

beneficial reuse and is now sort of, you know, moving in some other direction.

So I want to talk a little bit about, you know, what DEP has done in the past with regard to doing the so-called beneficial reuse and its, you know recalibration to like landfilling and, you know, how much we're saving in money by doing that. And to what extent are we sacrificing some sustainable component of our whole, you know, sludge operation but going to this thing--

COMMISSIONER HOLLOWAY:

[Interposing] Sure.

CHAIRPERSON GENNARO: --so I just wanted to give you an opportunity to talk about that. But I mean I looked at the bills that have come in from like doing the beneficial reuse and I look at those and I say you know what, that's a lot of money, but anyway.

COMMISSIONER HOLLOWAY: Well I think all things being equal, beneficial reuse is the way that you would go with 100% of the waste stream. Right now, where we stand, all things are no equal. In fact for the NYOFCO portion of the

waste stream that was handled by that facility, the differential between that and landfilling is about \$20 million, we estimate it's close to \$20 million a year.

Let me step back from that. So there's the immediate--and that's a recurring cost savings. Now. Long-term. Well where things stand right now, just for easy numbers, you know, it's about 50/50, 100%, close to 100% of the agency's, you know, sludge is either goes to the NYOFCO plant which is about between 50% and 60% and the rest is used, has other agricultural uses and is beneficially reused.

So even with this switch there's still between anywhere from, you know, 30% to 50% of the sludge stream--

CHAIRPERSON GENNARO: [Interposing]
Um-hum.

COMMISSIONER HOLLOWAY: --so to speak that is produced is going to be beneficially reused. And we want to get to a point where we're back to full beneficial reuse. We did an RFI recently and there are some other technologies that are not agricultural technologies.

There are some energy options that we're looking at. We want long term to be back there. I think that the--but we have to look at overall operating costs and there was a time when, you know, based on costs and so forth that, you know, really when you take all factors into account including cost this made sense.

At this point this differential is, you know, pretty enormous. And it's incumbent on us now, we are going to be moving aggressively at the same time that we make this switch to figure out what's the long term strategy because--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --you know, landfill itself is something that comes with costs. And there's no guaranty that you're going to have that favorable rate on a--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --
comparative basis forever. I think that--but we're doing that. We're doing that and we're committed to it and so the question is where does

the agency want to be long-term, you know, beneficial reuse. But it's not at any cost. I mean I think it has--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --to be, there has to be some measure.

CHAIRPERSON GENNARO: Yes. No argument from me on that one. And I have some other questions here. And I also... with regard to watershed security, you know, Peter was talking about the cops. I know there's only so much of this kind of thing that I want to trot out on television at a public hearing but I know that there have been some discussions between some folks that have a high tech methodology of providing watershed security that have gone on between this entity and myself, this entity and Peter Vallone, this entity and, you know, your office.

And I just congratulate you like on these kinds of discussions, you know, to bring, you know, high tech innovation to DEP. This is the kind of thing that, you know, led to the ARP

new nitrogen removal process. This is a thing that we're doing with, you know, green tech to make sure that we're getting the best advantage of the latest that technology has to offer. You know, don't want to, you know, mention the name of the firm or other firms that, you know, may be talking to you about, you know, high tech security measures that can give us a lot of security at low cost.

I think this thing is a great adjunct to the folks we have on the ground up there. And I don't want to go into too much detail because it is a security matter in what the technology would involve. But I just, you know, thank your agency for having an open mind and entering into these kinds of discussions. And that's a good thing.

COMMISSIONER HOLLOWAY: Well just to say a couple of things. Security of the water system and the watershed in particular are something--is something that we take very seriously. I already talked a little bit about some of the things that Deputy Commissioner Kevin McBride has done and is doing which are great.

But there's no question that with a 2,000 square mile watershed, technology is going to have to be an important part of how you get coverage. Because DEP's police force is roughly about 200 and I've been up there a lot. And in fact one of the facilities I went to, we accidentally triggered an alarm and they showed up in two minutes and showed us how to turn it off.

But the--

CHAIRPERSON GENNARO: [Interposing]
When they came, they said oh it's you.

[Laughter]

CHAIRPERSON GENNARO: Okay.

COMMISSIONER HOLLOWAY: But it was a--so looking at security in terms of what are facilities that are potentially vulnerable. There are some investments we are looking to make in bolt hole security for access to certain infrastructure pieces. We've got some good electronic, you know, technology-driven additional coverage. And it is something that we take very seriously. But I won't say much more about--

CHAIRPERSON GENNARO: [Interposing]
Sure, sure--

COMMISSIONER HOLLOWAY: --the specifics of that.

CHAIRPERSON GENNARO: --yeah. But I thank you for having an open mind about that. We're joined by Council Member Levin, Council Member Lander, both of Brooklyn. We appreciate both members of the Committee, very happy to have them here today.

I want to talk a little bit about; this is a budget item, trying to stay on topic here. One of my problems with this whole drilling in the watershed, separate and apart from what it would do to the water supply is it, you know, creates, you know, competition for, you know, those who have land and who may have otherwise entertained an offer by, you know, DEP to sell their land to the City for the land acquisition program or do an easement.

But now, you know, perhaps there is more interest perhaps in, you know, trying to sell the, you know, mineral rights for possible gas drilling. I know that there was at least one company that purchased between, you know, 4,000, 5,000 acres or something. And so my budget

question is, is the extent to which DEP's land acquisition program has been squeezed at all because of the competition that we're getting from the, you know, mineral rights people.

So like the gas companies. And now these people not only have, you know, DEP knocking on their doors saying well how would you like to sell off some land or sell us an easement, you know, two days before we get there, there's a guy from the gas company saying how would you like to sell us the, you know, rights for your property for us to drill.

And I guess has there been a, you know, budgetary impact. Are we paying more now for land than we otherwise would have? Or has there been a drop-off of land purchases in critical areas by virtue of the fact that we're getting aced out by the gas people?

COMMISSIONER HOLLOWAY: Well I think it's always a concern. Competition for that land is, by whatever source, is going to drive up the price. Driving up the price--

CHAIRPERSON GENNARO: [Interposing]
I just wonder--

COMMISSIONER HOLLOWAY:

[Interposing] Right.

CHAIRPERSON GENNARO: --if that's been quantified. Is it a real phenomenon--?

COMMISSIONER HOLLOWAY:

[Interposing] I want to get back to you on that--

CHAIRPERSON GENNARO: [Interposing] Or is it like an area of inquiry for DEP to sort of quantify that--

COMMISSIONER HOLLOWAY:

[Interposing] Yep.

CHAIRPERSON GENNARO: --and you're in the midst of looking at that?

COMMISSIONER HOLLOWAY: And that's--we're in the midst of looking at that impact and so I want to get back to you on that. On the land acquisition program I think there is a very good story overall that was in the 2007 agreement that gave us the 10-year--

CHAIRPERSON GENNARO: [Interposing] Um-hum.

COMMISSIONER HOLLOWAY: --FAD.

\$300 million was in there for the land acquisition program. In 2009 we have signed, we signed more

than 11,000 acres of property. We just announced last week an additional 700 acres that we had signed. And that has to go to closing, but, you know, absent some, you know--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --how closing can be, but absent some unexpected issue, this is really how the program works, acre by acre.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: Property by property. We pick up more. And I think overall we've now acquired since 1997, 103,000 to 105,000 acres. And overall between what we've acquired, what we've gotten either through outright fee simple or easements and that plus what the State has in its control about 34% of the watershed is protected. And so we're making good progress.

I mean the Administration, in other words, and work that I know that you and the Council were instrumental in this, have worked together to deal with this really important issue. And in one sense it's about budget, what do you

have to do if the watershed isn't--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --
adequately protected. So there's that. Part of
it and the overall level of investment has been
\$1.5 billion so far. So it's clearly a top
priority. We're continuing to do it. I want to
get back to you on the particular break down of--

CHAIRPERSON GENNARO: [Interposing]
Yeah--

COMMISSIONER HOLLOWAY: --what
we're seeing.

CHAIRPERSON GENNARO: --because
that would actually--'cause that would actually
help me like when I go to things like I'm going to
tonight in New Paltz and I'm going up there and I
want to bring a, you know, pieces to this whole
drilling that, that people may not have a grasp
of. I mean that not only does it, you know,
challenge our ability to keep the water clean but
it also lessens our ability to, you know, protect
the land that needs to be purchased because they
have folks from, you know, gas companies coming

around.

Although hopefully I or we have, you know, scared most of those folks out of the watershed. I mean, you know, Chesapeake just basically cried uncle like, you know, a couple of months back and said like we surrender. Whatever. But I don't know--and made the statement that they're not going to pursue those leases or develop them. But--

COMMISSIONER HOLLOWAY:

[Interposing] Well I think it is--

CHAIRPERSON GENNARO: [Interposing]

And I think that that has probably been helpful but still anything I can get my hands on to, you know, let a, you know, broader group of folks know, you know, one more consequence to gas drilling that they didn't realize. That's information that I'd like to get out there.

COMMISSIONER HOLLOWAY: Well just because you asked, the long view is particularly important when it comes to this issue. Even Chesapeake committed that they weren't going to pursue their leases, you know, that's not--we don't have a written agreement with them--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --that
that's going to happen. They can, you know, sell
their rights to somebody else. And I think there
is evidence that the industry, this is something
that the big players are turning their attention
toward in a big way. In other words exploiting
this particular resource, the Marcellus Shale--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: So setting
the framework now and--

CHAIRPERSON GENNARO: [Interposing]
Um-hum.

COMMISSIONER HOLLOWAY: --based on
what we have in front of us, we think that
framework ought to be not in the watershed.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: Is
critically important. I mean that if you set the
bar too low, you know, it's not going to be
something, 10, 15 years, as long as it takes, to
really get momentum behind doing this kind of

work, that's what we're after. Now I think it's also important to recognize that there are 70 towns in the watershed who are DEP's partners.

And I think it certainly is a very important part of this job between the partnerships that we have and what they are--they raised the concern that well this drilling is economic development and sometimes the City is looking out for, you know, its own interests and not working with these communities. We've invested a tremendous amount of resources in the partnerships with our upstate towns--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --we've built a lot of their wastewater treatment plants. We employ more than 1,000 people. We strike a balance. A balance that seeks to recognize, as the Mayor does, the importance of economic development to the long term prosperity, you know, of those towns.

This proposal on these terms in this way poses a substantial threat to the City and the State's water supply. So, you know, the

Administration would look at any other proposal with the same care that we've looked at this one. But based on what's on the table, you know, we've reached a well-grounded conclusion and I think that the stakes really are the long term.

CHAIRPERSON GENNARO: Right. And DEP has a history of, you know, speaking out when it needs to on issues that could compromise watershed water quality, like with the, you know, Bellaire project and other times where the DEP has really marshaled its forces to protect the water supply.

Let me... As a matter of fact when you sat down I didn't realize this was your first time actually before the Committee, Cas, you know, we've had so much interaction I didn't realize that this is your first hearing--

COMMISSIONER HOLLOWAY:
[Interposing] I was here in my old role. We testified on all the abatement and, you know, all those bills.

CHAIRPERSON GENNARO: Oh okay.

COMMISSIONER HOLLOWAY: So it was--

CHAIRPERSON GENNARO: [Interposing]

Yeah I--

COMMISSIONER HOLLOWAY: --certainly since I've gotten to DEP.

CHAIRPERSON GENNARO: [Interposing] Right. Yeah so but this is your first time taking at stab at a question which is sort of like an annual rite of passage in this Committee, a question that has to do with an issue that I'm totally on DEP's side and stand ready to do whatever I can but you're probably the fourth Commissioner to--because this is a question that we've been asking for, you know, 20 years.

And I'm sure some of the staff already know which one it is but it's the annual question about, you know, DEP's righteous and, you know, very correct push-back against the unfunded mandate of covering the Hillview Reservoir and which I, you know, urge you to continue to do with all your might. This is a question that, you know, goes back 20 years. And so where are we with, I guess, the pursuit of the Holy Grail of not having to cover the Hillview Reservoir or did we bite the bullet on that and we have to do it or where are we with that?

COMMISSIONER HOLLOWAY: Well. Let me, interestingly a historically perspective, one of the things that Paul Rosh [phonetic], Deputy Commissioner for the Bureau of Water Supply--

CHAIRPERSON GENNARO: [Interposing] Right.

COMMISSIONER HOLLOWAY: --gave me was the 1903 report of the Committee that was formed to look at the long term supply options for New York City and even there I think there's a suggestion of a cover, potential cover for Hillview Reservoir, very interesting how long this has been around.

Currently there is a rule, the long term, LT2--

CHAIRPERSON GENNARO: [Interposing] Right.

COMMISSIONER HOLLOWAY: --that is an EPA rule. It's a national standard that requires the covering of or treatment of surface drinking water. So this is what is driving--

CHAIRPERSON GENNARO: [Interposing] Right.

COMMISSIONER HOLLOWAY: --now

there's a big story there. But right now the agency is, there is a commitment and a consent order to a schedule. We are working with EPA because at a minimum we want--this gets back to this question of priorities of investment--

CHAIRPERSON GENNARO: [Interposing]
Right. Yep.

COMMISSIONER HOLLOWAY: There are--
doing--the Hillview cover is going to be a \$1 billion to \$2 billion project when it's undertaken, if not more. And so from a--but more than that the Hillview Reservoir is critical to the everyday functioning of the water supply. It's a balancing reservoir. So it's the last place where you can really, you have the fine grain control over the billion gallons that go into the City every day. And I've been there in the morning and at night on occasions where you can really see the dramatic increase in consumption, people getting up and then when they get back from work and you know we track all that.

Doing this cover order, it's a two basin reservoir--

CHAIRPERSON GENNARO: [Interposing]

Right.

COMMISSIONER HOLLOWAY: --you have to do it in two stages. One basin at a time. And--

CHAIRPERSON GENNARO: [Interposing] Well you've got that wall thing, right, right--

COMMISSIONER HOLLOWAY: --yes there's a wall there. But doing that really dramatically decreases your ability to calibrate the demand in the City. So it's a vital piece of infrastructure and, you know, the City has a view, you know, we do think that an investment of this magnitude, you know, national standard or not, should be driven on the basis of evidence.

And the need on a public health basis for doing it because it's going to be a substantial, not only a substantial investment but it's going to take Hillview, you know, it's an important node in the system, that you want to make sure that everything else is up and running well before you do it.

So where we are right now is where we're working closely with Judith Enck, the new Regional Administrator--

2 CHAIRPERSON GENNARO: [Interposing]

3 Right. I met with her recently regarding the
4 whole gas drilling thing--

5 COMMISSIONER HOLLOWAY:

6 [Interposing] Oh--

7 CHAIRPERSON GENNARO: --that, you
8 know--

9 COMMISSIONER HOLLOWAY: --and
10 they've been supportive there, so--

11 CHAIRPERSON GENNARO: --yeah. That
12 EPA really needs to sort of get in the game on
13 that. I mean she's great and EPA is like, you
14 know, precluded by law from doing a lot of gas
15 drilling. But we had a very good chat and she's a
16 friend. And but so--

17 COMMISSIONER HOLLOWAY:

18 [Interposing] So she's committed, I mean we're
19 working together first and foremost on the
20 schedule. I mean the EPA has a rule on the books.
21 We're not--

22 CHAIRPERSON GENNARO: [Interposing]
23 So we're not going to be able to get out of this
24 is what you're saying--

25 COMMISSIONER HOLLOWAY:

[Interposing] No. We're--well as things stand right now under the regulatory framework at some, you know, we have a schedule and an order right now and based on the review of capital work that I've, you know, got going on but this also went in and, you know, our initial stab at this discussion started back in August. You know, what is recognizing what the rule requires, what do we need to do to make sure we have in place for the system--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --before we would, you know, basically take Hillview out. And it looks like so far the agency has been very willing to work with us on making sure that that investment prioritization happens. And that's what we're focused on right now.

CHAIRPERSON GENNARO: Now I remember back, many, many years ago when I was just an analyst for the Committee in the early 90s and the discussion back then was that we were going to have to cover the reservoir and while other, you know, water supply systems around the

country have sort of met this mandate through sort of like a lower cost option of doing maybe like a, you know, sort of like a, you know, floating membrane kind of like sort of glorified modular pool cover kind of thing.

DEP was taking the approach, at least back then; it would be, you know, a concrete cover. There would be a, you know, some kind of reflecting pool on top so we wouldn't lose the esthetic, you know, view of what the place looks like now. And at the time there was a methodology that, you know, some other jurisdictions were using to fulfill this mandate which was costing like, you know, \$4 or \$5 a square foot versus like the DEP sort of view of how they would do it which was, at the time, like, you know, \$55 a square foot.

Again these are very, very old numbers. But there was like an order of magnitude, you know, difference between the way some other jurisdictions were seeking to fulfill this requirement and the way, you know, DEP was seeking to fulfill this requirement which was like in step with, you know, DEP's pension for, you

know, building for the ages kind of thing--

COMMISSIONER HOLLOWAY:

[Interposing] Built to last, right.

CHAIRPERSON GENNARO: --and I'm wondering that if we do have to bite the bullet and do this, might there be a way to do like a, you know, like a lower cost option of doing this? Since we really don't think we really need to do it anyway. And so we're doing it just so the Federal government can check off some box or something on some sheet that they have. So I was just wondering whether DEP's approach to this was going to be a very sort of like high cap or low cap, you know, way of meeting this--

COMMISSIONER HOLLOWAY:

[Interposing] Well--

CHAIRPERSON GENNARO: --requirement which we don't even think we need to do in the first place.

COMMISSIONER HOLLOWAY: Well to the, we have to do--

CHAIRPERSON GENNARO: [Interposing] I have to say that I like know a guy that does pool covers--

COMMISSIONER HOLLOWAY:

[Interposing] [Laughing]

CHAIRPERSON GENNARO: --so just,
you know, I'll mention that--

COMMISSIONER HOLLOWAY:

[Interposing] Well the--

CHAIRPERSON GENNARO: --you know,
just curious.

COMMISSIONER HOLLOWAY: The--

CHAIRPERSON GENNARO: [Interposing]
Just kidding. I don't know any guy.

[Laughter]

COMMISSIONER HOLLOWAY: This is a--
first the magnitude of the project I think people
sometimes you look at well other water systems and
so forth. This is--Hillview Reservoir is 90
acres. And so it's--even if you just split it
50/50 it would be 2--it's basically 2 45-acre
covers which is beyond the scope of any--the
floating cover which, you know, we estimate from a
capital outlay could be as much as a third the
cost of the concrete cover but it has
substantially more operating costs. Now where
part of what we put in, in terms of the capital

prioritization--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --which is
also wanting to take another hard look at.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: What the
design options are, we have a design by the way,
one of the milestone that in the current consent
order is that we finish design and we have a
design for a cover--

CHAIRPERSON GENNARO: [Interposing]
Okay.

COMMISSIONER HOLLOWAY: --it's a
concrete design. But, you know, you have to look
at cost over the long term.

CHAIRPERSON GENNARO: Yep.

COMMISSIONER HOLLOWAY: There is
certainly no cover, I think concrete or floating,
anywhere in the country that approaches the size
of what we're going to need to do here--

CHAIRPERSON GENNARO: [Interposing]
Oh I see so basically--

COMMISSIONER HOLLOWAY: --so--

CHAIRPERSON GENNARO: --we're just too big. We're just too big.

COMMISSIONER HOLLOWAY: --we're big. Big and deep. But I think it's a--logistics though don't drive, they may drive a schedule they don't drive the underlying principle which is, you know, you want to have a clean water supply and New York City has some of the highest quality water in the world.

The question is that, you know, on a public health basis what's the, you know, in terms of doing it are there any other options because of the magnitude and, you know, we've done some very good research which shows that the reservoir itself is not a source of cryptosporidium--

CHAIRPERSON GENNARO: [Interposing]
Um-hum.

COMMISSIONER HOLLOWAY: --which is really what you're looking to prevent here. But so just to be clear this is not something that just because it's hard the City doesn't want to do it, I think the whole water system itself is a testament to, you know, doing hard things in a way

that really is not done anywhere else. The ingenuity of the system is pretty remarkable as I know you know.

So that's not really it at all. We just want to make sure that when it comes to what it requires to do things in this City, you know, in this City, \$1.6 billion, and I can tell you when you want to talk about water rates, the, you know, additional mandates are going to--will--like that--will drives rates, continue to drive--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --rates.
And I think it is hard to overstate the extent to which for example what we're doing now between Croton and UV and Newtown Creek and all of those things all at the same times, it is truly an unprecedented level of investment in the system. I think we certainly want to get a lot of that done before we take on any new, bigger projects.

CHAIRPERSON GENNARO: Okay. Thank you. This is... [off mic] Okay, fine, fine, fine. We have questions from the two Council Members here but I just want to ask just one or two more

1
2 questions. This is something that I've got a
3 question about. In the media the other day and
4 I'm sure these things happen, Daily News story
5 about a section in Queens that I don't represent
6 but I got pulled in by the fact that I'm Chairman
7 of this Committee.

8 There were sewers that went into
9 the Meadowmere Section of Queens and this is a
10 kind of an area of the City that had never been
11 sewered. And the question was that the sewers are
12 going in, people have to hook up to it and there
13 are issues about, you know, they have to pay for
14 the hookup and all that which is I guess
15 appropriate.

16 But there was what seemed to be an
17 issue, and this is the one that--and this is the
18 question that came to me, the reporter had put
19 forward that this concept which was mentioned in
20 the Daily News article that notwithstanding the
21 fact that these people were, you know, just
22 getting--it's not a big area, Meadowmere.

23 That notwithstanding the fact that
24 these people were not getting sewer service they
25 were just getting water service and they had their

own private septic presumably, that their water bills over the past years were for water and sewer and it was the issue of did this really happen and are they going to get their money back and how would that happen.

And so my response to the reporter was I'll as the Commissioner when he's before me, whatever. And I'm sure by the time he comes to see me this will have been looked at or whatever. And I know that there are not a lot of areas of the City where people just get a water bill rather than like water and sewer bill. And, you know, was this a case where people were paying for--I've been to Meadowmere. I don't even know if it's 50 homes or whatever it is, but there was Meadowmere and some of the community right near--

COMMISSIONER HOLLOWAY:

[Interposing] Windmere.

CHAIRPERSON GENNARO: --right next door?

[Off mic]

COMMISSIONER HOLLOWAY: Waterville. What? Warnerville.

CHAIRPERSON GENNARO: Oh

Warnerville.

COMMISSIONER HOLLOWAY: Sorry.

CHAIRPERSON GENNARO: Okay.

COMMISSIONER HOLLOWAY: There are about 90 homes all together, yeah.

CHAIRPERSON GENNARO: Okay. And was this the case that that happened? And if so, how does DEP figure out how to sort of make things right again, I guess given that some people may have sold their homes in the interim and I don't know how that all happens if--

COMMISSIONER HOLLOWAY:

[Interposing] Right.

CHAIRPERSON GENNARO: --people are paying a bill that they weren't supposed to pay and they'd have to kind of make things right again. I don't know how all that shakes out or how often that happens--

COMMISSIONER HOLLOWAY:

[Interposing] Well--

CHAIRPERSON GENNARO: --but that was my answer to the press. I said well I will ask the Commissioner. So I'm asking you.

COMMISSIONER HOLLOWAY: Okay. So

2 well thank you for the question. First the good
3 news is that that sewer, hooking up that sewer
4 line means that those 90 homes many of which were
5 discharging directly into Jamaica Bay is--

6 CHAIRPERSON GENNARO: [Interposing]
7 Did they have septics or whatever--

8 COMMISSIONER HOLLOWAY:
9 [Interposing] Some do, some do. But some don't
10 work and so forth.

11 CHAIRPERSON GENNARO: Right I see.
12 Like failing septics or--

13 COMMISSIONER HOLLOWAY:
14 [Interposing] Yes.

15 CHAIRPERSON GENNARO: --whatever
16 they were using.

17 COMMISSIONER HOLLOWAY: And I, you
18 know--

19 CHAIRPERSON GENNARO: [Interposing]
20 Yeah.

21 COMMISSIONER HOLLOWAY: --I don't
22 have that case by case list but we know--

23 CHAIRPERSON GENNARO: [Interposing]
24 Yeah.

25 COMMISSIONER HOLLOWAY: --that it

was overall, now that we have made--it was a \$37 million capital investment to get this done. We want everybody to hook up--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --as quickly as possible. And the good news, that's great for the Bay--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --and I think good overall. And what we also--normally when you have a sewer, once sewer comes to where it comes to you, you have a 6-month period to hook up. I extended that by 3 months to give people in the community ample time, even though everybody, everybody knows that this has been coming--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --for years. And I talked to Joe before I came in. As a general matter we always want to get it right. And when we are quick to acknowledge when we don't and we give credits and so forth and so for

anybody who had been paying sewer and not getting sewer, they'll certainly get a credit. I think that may be the case in 9 or 10 cases. And we'll absolutely deal with that.

CHAIRPERSON GENNARO: Oh so that was not universal--

COMMISSIONER HOLLOWAY:
[Interposing] No.

CHAIRPERSON GENNARO: --throughout this. So most people were just paying water. Right, I see.

COMMISSIONER HOLLOWAY: That's right so where it was a problem there will be a credit. Certainly. But the overall here is that--and we had a community meeting and Council Member Sanders--

CHAIRPERSON GENNARO: [Interposing]
Right, yep.

COMMISSIONER HOLLOWAY: --has been great in working with us on this, getting people access to the information that they need and if they quality, to some resources--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --because
you want to get hooked up.

CHAIRPERSON GENNARO: Yep.

COMMISSIONER HOLLOWAY: It's all--
it's set now. Let's get everybody hooked up so
that wastewater is going where it ought to go--

CHAIRPERSON GENNARO: [Interposing]
Yep.

COMMISSIONER HOLLOWAY: --to a
treatment plant. And--

CHAIRPERSON GENNARO: [Interposing]
Now the--

COMMISSIONER HOLLOWAY: --we'll
make sure we correct any of those problems--

CHAIRPERSON GENNARO: [Interposing]
And--

COMMISSIONER HOLLOWAY: --but there
weren't many.

CHAIRPERSON GENNARO: And one of
the things that they wanted to know, that they had
told me that, you know, DEP had said that this
wasn't going to do much to relieve the flooding in
the area. And I said that well I imagine that DEP
would put in a combined sewer setup there. And is

it just dedicated sanitary sewers or is it a combined sewer that would take storm flow as well?

COMMISSIONER HOLLOWAY: You know, there is some storm drainage there. I want to get back to you on that 'cause I want--

CHAIRPERSON GENNARO: [Interposing]
Yeah.

COMMISSIONER HOLLOWAY: --to make sure that I--

CHAIRPERSON GENNARO: [Interposing]
Yeah.

COMMISSIONER HOLLOWAY: --get this right. I don't--

CHAIRPERSON GENNARO: [Interposing]
And I don't want to--

COMMISSIONER HOLLOWAY: --back here--

CHAIRPERSON GENNARO: --because it's not my area to begin with but I was brought into--

COMMISSIONER HOLLOWAY:
[Interposing] And one interesting thing is that community is very low-lying--

CHAIRPERSON GENNARO: [Interposing]

I have been to Meadowmere--

COMMISSIONER HOLLOWAY: --so they--
yeah. So--

CHAIRPERSON GENNARO: --I mean no,
no full, comprehensive, how can I say this, you
can't full appreciate, like all of New York City,
until you've been to Meadowmere because it's
different than other areas of New York City. And
it's like; you're like living in the water--

COMMISSIONER HOLLOWAY:
[Interposing] We did a--in the event announcing
that this project was finally over and we're
turning it on out there, it's beautiful. And I
think it really truly is a unique pat of the City
but--

CHAIRPERSON GENNARO: [Interposing]
It is like no other part of the City, Meadowmere,
yep.

COMMISSIONER HOLLOWAY: So we will
deal with those issues and our goal it to get
everybody hooked up.

CHAIRPERSON GENNARO: Great, great,
great. And so thank you. thank you Commissioner.

COMMISSIONER HOLLOWAY: Thank you.

CHAIRPERSON GENNARO: I told the reporter I was going to do something and I actually did it. Okay. I should do more of that type of thing. And I guess my final question before I go to Council Member Levin, Council Member Lander, there is always going to be a situation where, you know, those people that are getting DEP service, either water, sewer or both, and those people that have accounts with DEP.

Certainly we do our best to, you know, to make sure that there's, you know, a 100% correlation between those that are getting DEP services and those that have an account with DEP but if you have like almost a million accounts, there's going to be some mismatching by virtue of having some properties that are getting DEP service but don't have an account with DEP.

And that number, due to Joe Singleton's good efforts is going down and other people who are, I guess, presumably getting bills from, you know, DEP for service but indeed are not getting service from DEP because it's like a parking lot or something or a lot that doesn't get any service from DEP.

And I just--but certainly when we're asking people to, you know, pay higher, you know, water rates or whatever, we know that DEP has to do everything that they have to do, that DEP certainly should do everything in their power to make sure that everyone that's getting DEP services has an account with, you know, DEP and is getting billed for that service. And I know Joe has been working on this on a situation that, you know, he walked into.

And I want to see, you know, where we are with that, like what the universe of properties that maybe getting DEP services but may not be getting--but may not have an account with DEP, how is that, you know, very important project on the part of DEP proceeding?

COMMISSIONER HOLLOWAY: Well. I think the, since we covered in the last question both for Meadowmere and Warnerville, if there is an issue we certainly want to correct it on--

CHAIRPERSON GENNARO: [Interposing]
Yeah but once upon a time there was an actual like--

COMMISSIONER HOLLOWAY:

[Interposing] If people are taking--

CHAIRPERSON GENNARO: --you know--

COMMISSIONER HOLLOWAY: --water and not paying--I mean if there are people who are hooked up, we want to make sure that everybody who is getting the service is, you know, being properly billed and also contributing to the system.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: So we just finished a self-identification program where if you came to us and self-identified as somebody who was hooked into the water system we would give you basically instead of a 4-year--

CHAIRPERSON GENNARO: [Interposing] Right.

COMMISSIONER HOLLOWAY: --a bill for the prior 4 years, it would be 2. We got some response to that. That's about 50 properties. But we are also always doing checks against--

CHAIRPERSON GENNARO: [Interposing] Right because the whole thing--

COMMISSIONER HOLLOWAY: --the Department of Finance records--

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2

CHAIRPERSON GENNARO: [Interposing]

3

This whole thing that Joe was doing with Finance

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and everything else to find out like--

5

COMMISSIONER HOLLOWAY:

6

[Interposing] Subdivisions and so forth.

7

CHAIRPERSON GENNARO: --who

8

potentially would be out there.

9

COMMISSIONER HOLLOWAY: Right.

10

CHAIRPERSON GENNARO: And saying,

11

hey like--

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COMMISSIONER HOLLOWAY:

13

[Interposing] So.

14

CHAIRPERSON GENNARO: --you know,

15

you've been getting water like how about it? You

16

know?

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COMMISSIONER HOLLOWAY: Absolutely.

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CHAIRPERSON GENNARO: So.

19

COMMISSIONER HOLLOWAY: So

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programs, self-identification programs are good

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'cause you try to incentivize people to come out

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and then get them paying for some of the past and

23

on a going forward basis. So we're going to

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continue to do those strategies. And then but we

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are always also checking Finance records. You

could have a property that is subdivided and now
you have 10 homes where you had 1 and--

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: --so
keeping up with that is something that we do on a
regular basis.

CHAIRPERSON GENNARO: Yeah but like
how's that going? Do we have like some notion of
how big the universe of getting service but like
no active account, do we have a sense of how big
the universe is--?

COMMISSIONER HOLLOWAY:
[Interposing] It's a difficult number to pin down
because you have just a little bit of calculation-
-

CHAIRPERSON GENNARO: [Interposing]
Right.

COMMISSIONER HOLLOWAY: You have a
gross amount of water that's leaving Hillview
Reservoir going into the City. So let's say
that's 1 billion. And then we bill for a certain
amount of that.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: So then you have a delta.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: And what's--
-

CHAIRPERSON GENNARO: [Interposing]
But some of that's leakage and--

COMMISSIONER HOLLOWAY: --billed
into that is--right, you have leakage, fire use--

CHAIRPERSON GENNARO: [Interposing]
Oh.

COMMISSIONER HOLLOWAY: --then you have somewhere in there are people who are hooked into the system and they're scofflaws, right? They're not paying.

CHAIRPERSON GENNARO: Right.

COMMISSIONER HOLLOWAY: So then that's when you have to use these tools like the Department of Finance and so forth. In terms of how it's going, I think we had 50 people come to through the self-identification. And how many every year Joe do we get when we do our Finance records review?

MR. SINGLETON: That's sort of

ongoing. Whether we get updated subdivision records we look at that to make sure that those properties are being billed. A bigger issue for us is under consumption on an existing account where you have a compound meter, one side might be bypassing or you have two service lines to a building. So what we've been doing is looking at calculations for sort of a range of consumption per building unit.

CHAIRPERSON GENNARO: Oh so when you say under consumption, meaning that it would seem based on the accounts that less water is being used than is actually being used? Is that right?

MR. SINGLETON: Correct. So you--

CHAIRPERSON GENNARO: [Interposing]
How would that happen?

MR. SINGLETON: --see, for instance a 60-unit building that was consuming maybe a third of what you would typically think a building that size would--

CHAIRPERSON GENNARO: [Interposing]
But how would they get the water? How?

MR. SINGLETON: You could have a

bypass. You could have a compound meter that one side was not registering. You get meter tampering. You can have any number of things of those--

CHAIRPERSON GENNARO: [Interposing]
Oh I see, so this is like the purposeful kind of people...

MR. SINGLETON: Purposeful and--

CHAIRPERSON GENNARO: [Interposing]
People like to use a technical work like futz with the meter and the piping and whatever in order to get around with it, right?

MR. SINGLETON: Things of that nature.

CHAIRPERSON GENNARO: Okay.

MR. SINGLETON: And for the most part, I mean that's why the Board adopted what we call a denial of access rate. Essentially properties that we know are chronically estimating and estimating low--

CHAIRPERSON GENNARO: [Interposing]
Right.

MR. SINGLETON: --we agreed to do a mailing through certified mail to get access to

the meter. If that access is not granted after a certain number of notifications that property gets assessed a \$250 fee and gets moved onto a denial of access rate. That denial of access rate is in the 90 percentile of that building class. For instance--

CHAIRPERSON GENNARO: [Interposing]
I see.

MR. SINGLETON: So.

CHAIRPERSON GENNARO: Right.

MR. SINGLETON: The bigger issue that we have to track down is under consumption--

CHAIRPERSON GENNARO: [Interposing]
Oh I see.

MR. SINGLETON: --situations.

CHAIRPERSON GENNARO: Okay, okay.
All right. Thank you. Thank you Joe. And--

MR. SINGLETON: [Interposing] Thank you.

CHAIRPERSON GENNARO: --with that I may come back for a closing question. We'll certainly come back for a closing comment and thank you. But for now we have Council Member Levin, Council Member Lander that have a question.

Council Member Levin is the first one on my list so I'll recognize Council Member Levin for questions.

COUNCIL MEMBER LEVIN: [Off mic]
Thank you Mr. Chairman. Commissioner, thank you very much. I apologize for being late. I had a hearing across the street. But I wanted to--

COMMISSIONER HOLLOWAY:
[Interposing] You missed exciting stuff.

COUNCIL MEMBER LEVIN: I - - . I caught up on the reading.

MR. STAFFIERI: Your mic isn't on.

COUNCIL MEMBER LEVIN: [On mic] Can you hear me Jerry? Oh there you go. Okay. Well I just want to thank you on the record for coming out and I apologize for being late.

I just wanted to briefly bring up your efforts and the DEP's efforts at the wastewater treatment facility on Newtown Creek. I represent the 33rd District which the wastewater treatment facility is in that District. And I know that you have displayed a strong commitment to that facility and that waterway. And I thank you. We're becoming fast friends based on the

number of times you've been out there. So. And I also want to congratulate the DEP on meter, is it 83% of the?

COMMISSIONER HOLLOWAY: 85%.

COUNCIL MEMBER LEVIN: 85% of the solid waste removed through the wastewater treatment facility in our area.

COMMISSIONER HOLLOWAY: Which is what the rule requires. So it's--we're meeting 100%, it's the full compliance is 85% removal of settle-able solids.

COUNCIL MEMBER LEVIN: Right to the EPA standard so.

COMMISSIONER HOLLOWAY: Yes.

COUNCIL MEMBER LEVIN: Thank you for that. What I did want to ask is the, in regards to sludge tank loading docks or the sludge loading docks that exist on the creek. I just want to get a quick update from you where that is in the process, if you could explain a little bit about what the City's commitment is on that and where we are and if you could opine in what way that may or may not be affected by any type of Federal superfund designation that may or may not

come.

COMMISSIONER HOLLOWAY: Sure. One of our big capital priorities and I think for projects overall related to this sludge removal it's probably between \$350 million and \$550 million. But I can get back to you with a full breakdown. We've already bid out the work for the sludge boats and this is where Federal funding helped us under the American Recovery and Reinvestment Act.

I think \$84 million; an \$84 million contract is now out there to build the boats which is the first part. Let's get them in production. Then right by the facility and Whale Creek, we're doing a new sludge dock and the--all of that is great for the facility itself.

Then ultimately the City committed as part of the Williams Points Greenburg rezoning to take down a sludge tank that's over there. And getting all this done is necessary to get that done which we very much want to do. So where we stand right now, we're on schedule withal those things. Steve were you doing to say something?

MR. LAWITTS: [Off mic] I was just

going to say the dock is scheduled for next year.

COMMISSIONER HOLLOWAY: Right. So the dock is scheduled to be committed next year, the boats are already underway. So this is a three or four year timeline, right, to get this done.

The superfund: so the EPA clearly has proposed that Newtown Creek be added to the NPL, the National Priorities List, which means it would become, if that happens a superfund site. We have been meeting with them since before they made that proposal and have continued to meet with them and work with them and State DEC to let them know exactly what work we need to do, when, and the sequence of work that has to happen for us to meet our timeline.

Some of the work there is going to require dredging so that the ships can actually navigate the channel into Whale Creek and so we have gotten the commitment of EPA and State DEC that they will work with us to make sure that that work can continue as scheduled. At a high level they're fine with dredging because dredging is, they say, good for the overall goal of sediment

removal or whatever they're ultimately going to decide that whatever the remedy would ultimately be at Newtown Creek, which is a massing site by the way.

We were just concerned that, yes, while even if it's consistent, the superfund process itself can be a lengthy one. And particularly in Newtown Creek where I think there's, you know, a lot more characterization work to do, well we were concerned. But we have the commitment of both the State and the Federal agencies that they're going to help us move it along because we really want to get that done.

COUNCIL MEMBER LEVIN: Great thank you Commissioner. I have no further questions Mr. Chair. Thank you very much.

CHAIRPERSON GENNARO: Thank you. Thank you Council Member Levin. And I recognize Council Member Lander.

COUNCIL MEMBER LANDER: Thanks. Mr. Chairman, Commissioner Holloway. Congratulations on the jobs, it's great to see you here. Proving the old adage that all politics is local, I'll talk about my local superfund site in

a minute. But--

CHAIRPERSON GENNARO: [Interposing]

[Laughing]

COUNCIL MEMBER LANDER: --first on the cover, I do want to make sure you've considered, you know, those, when the kids play with the parachutes in the gym, I think maybe you could consider just a giant parachute and we'll line up City school kids to--

COMMISSIONER HOLLOWAY:

[Interposing] [Laughing] You know what? That's a good idea.

COUNCIL MEMBER LANDER: Take a look at it.

COMMISSIONER HOLLOWAY: So we'll have to--I'm sure I can just go to the hardware store and--

COUNCIL MEMBER LANDER:

[Interposing] That's a very large parachute to be sure. But. So on the Gowanus. I know that this was something that we didn't have the exact same position on but now the EPA has made their decision and while I understand it wasn't want the City was looking for I know we're all going to

work together to coordinate. I'm glad to see, of course, the \$157 million for the Gowanus Pumping Station is still in the budget. I'd love to understand the time table on that project.

And then what I'm hopeful about, optimistic might even be too strong, but at least hopeful is that we could use the--now that designation took place and we've got your project, we've got the superfund. We've got a set of brown fields questions for--that DEC has, you know, it sounds like Toll Brothers will not go forward. But I really hope that Gowanus Green will.

That we could use the process that the EPA provides, the community advisory group and sort of the framework to take a next step in coordinating the range of efforts that have to move forward to really get that area clean. And we've got so many multiple levels of action, of regulation, of supervision, and I think one challenge from the community's point of view has been that those haven't always talked to each other.

DEC, we haven't seen. But you guys and the EPA have at least gotten to know each

other well. And I'm hopeful that we can use the process now that the decision's made to try out best to keep those things as coordinates as they can be, both in how they actually happen and in how the community has a chance to learn about it and talk about it and understand them.

COMMISSIONER HOLLOWAY: Sure. Well we are committed now as we were when we turned in our plan last July to cleaning up the canal. And the EPA has made its decision and so we're going to work with them under the superfund process to do that. We made sure we got the same kind of assurances that I was talking about with Council Member Levin with Newtown Creek with respect to Gowanus because we wanted to move forward.

I wanted to break ground. And at that point I was in the Mayor's Office but we wanted to break ground in the canal because we had everything lined up. And we got the assurances from EPA and State DEC that in the same way that work was going to be consistent. And the contractor is there. So that work's underway.

The superfund designation, you know, there are properties along the canal that

are City properties. There's an asphalt plant, the Hamilton Avenue Asphalt Plant. There's probably a couple of others. I've read that there are some other parties that have been identified including the Navy. So hopefully--

COUNCIL MEMBER LANDER:

[Interposing] Citibank as well, they apparently polluted the canal with toxic mortgages.

COMMISSIONER HOLLOWAY:

[Chuckling]. So I think that we are going to-- we're as committed as we were. We have no interest in seeing it slow, happen slowly. The Administration has had ambitious plans for that area because it's a--I'm a Brooklyn resident, I'm, you know, it's a great area. And I'm hopeful that we're going to be able to see things move along quickly and we're going to do everything we can to facilitate that. And, you know, EPA is certainly going to get there and hopefully able to move it along.

So we're not doing it the way that we wanted to do it. But that makes us no less committed to doing it.

COUNCIL MEMBER LANDER: Great.

Well it's great to hear you say that and as someone who did and does support superfund designation but who also believes in an array of the plans for moving forward there and doesn't want to see them slowed or stalled as some concern was certainly articulated during the process. I look forward to working with you and will be glad to be pushing the EPA as well to hold them to live up to many of the commitments that they made.

And I just think that, you know, now we've got a good opportunity, certainly a lot more attention brought to it, a good opportunity to have that range of actors working together so that we don't, you know, do just a range of finger pointing that keeps things low for a long time. So thank you.

COMMISSIONER HOLLOWAY: Thank you.

CHAIRPERSON GENNARO: Thank you Council Member Lander. I did note with interest that when the story broke about the EPA making their final decision it was a page 1, above the fold, New York Times story. It was like 2nd column, above the fold.

And even some folks who, you know,

who know I'm an environmentalist, I'm the Chair of this Committee, they're like wow this is like a page 1 story in the New York Times about this canal? I said well, it's in Council Member Lander's District; he's got a lot of clout I guess and so--

COUNCIL MEMBER LANDER:

[Interposing] There's a chemical reaction that's been documented when yuppies and toxic chemicals get within a certain proximity--

CHAIRPERSON GENNARO: [Interposing]

Yeah.

COUNCIL MEMBER LANDER: --of each other.

CHAIRPERSON GENNARO: I was--

COUNCIL MEMBER LANDER:

[Interposing] Something happens in the press is drawn to--

CHAIRPERSON GENNARO: [Interposing]

And I don't want to like to minimize the issue. I was just kind of surprised to see it on like page 1, right? That's kind of like page 1 of kind of like the Metro section or whatever. But page 1, thank you.

COUNCIL MEMBER LANDER: When you come out and canoe the canal this summer we'll try to get the reporters out there.

CHAIRPERSON GENNARO: Yeah. I'll-- you're on. You're on.

COUNCIL MEMBER LANDER: I've taken my kids out so. I'd be delighted to go out with you.

CHAIRPERSON GENNARO: Okay. Okay. It's... I'm for that. I'm ready, I'm ready. So Commissioner I don't have any further questions for you. I just want to thank you for the great job that you and Steve and all of your great team have been bringing to the agency every day. And I think I'll head up to New Paltz now to yell--well I won't yell, I'll try to be polite. But--

COMMISSIONER HOLLOWAY:
[Interposing] Any efforts there, that's really helpful, thank you.

CHAIRPERSON GENNARO: Yeah well we're really trying to, you know, Hinchey is going to be there. It's going to be a whole thing. And so we really appreciate the great partnership that we have in our candid discussions today. And all

2 the good work we're going to be doing together for
3 the next 48 months, 47 months, whatever it is.

4 And so thank you Commissioner to you and the team.

5 And with that, this hearing is adjourned.

6 [Gavel banging]

7 COMMISSIONER HOLLOWAY: Thank you
8 very much. Looking forward--

9 [END 1002.MP3]

C E R T I F I C A T E

I, Laura L. Springate certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

A handwritten signature in cursive script that reads "Laura L. Springate". The signature is written in dark ink on a light-colored background.

Signature _____Laura L. Springate_____

Date _____April 22, 2010_____