

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding, dated December \_\_\_\_, 2007 (the "MOU"), is between the New York City Department of Environmental Protection ("DEP") and the Council of the City of New York (the "Council").

WHEREAS, legislation to amend the New York City Administrative Code to authorize the sale of tax liens, including liens securing water and sewer charges, has been introduced in the Council as Int. No. 656 (the "Tax Lien Legislation");

WHEREAS, the Tax Lien Legislation allows the sale of stand-alone water and sewer liens;

WHEREAS, the Tax Lien Legislation is expected to be passed by the Council at its stated meeting on December 19, 2007;

WHEREAS, in light of the expected passage of the Tax Lien Legislation, the New York City Water Board has stated that there will be no need for a mid-year rate increase; and

WHEREAS, this MOU is being entered into in connection with the Tax Lien Legislation.

NOW, THEREFORE, the DEP and the Council do hereby agree as follows:

**Section 1. DEP Programs, Services and Support.** DEP will create and/or implement the following programs, services, and reports:

(a) **Extended PIP program:** DEP will extend both the scope and terms of its Payment Incentive Program (PIP). The PIP is currently being offered prior to service termination to approximately 8,200 single family homeowners with overdue accounts (accounts must be more than a year and more than \$1,000 overdue). In conjunction with the passage of the Tax Lien Legislation, DEP will make this program available on a one-time basis to all classes of residential account holders. The expanded program will be modeled on the current offer, but it will apply to properties subject to lien sale as well as to residential properties subject to service termination. Under the terms of the program, all late charges are eliminated. Utility charges are capped at \$2 per day per dwelling unit.

Similar to the current program, account holders eligible for the lien sale will be granted a 90-day decision period under the PIP, during which time DEP will conduct proactive outreach.

(b) **Creation of PIP Payment Agreement and availability of payment plans:** Currently, PIP candidates must pay their remaining balance in full. In conjunction with the Tax Lien Legislation, DEP will allow PIP-eligible customers with a substantial

remaining balance after elimination of the late charges, to enter into a payment agreement to settle that remaining balance. Under the terms of the payment agreement, PIP customers must put 10% down and they will have up to five years to pay.

Payment agreements will continue to be available to all customers, but they will also be available to customers who decided not to accept the PIP one-time offer. The terms of the payment agreement will be 10% down and up to five years to pay.

**(c) Lien Sale outreach:** DEP will conduct outreach during the 90-day lien sale notification period, modeled on the outreach events that it is currently conducting, and on the successful Department of Finance lien sale outreach program. With special emphasis on collaborating with Council Members in informing their constituents, this outreach may include informational town hall meetings, live account help and payment opportunities (including payment agreements), and on-site representatives of safety net referral programs.

DEP will coordinate its outreach efforts with DOF and, where appropriate, seek to co-host these events with DOF and with Council Members.

**(d) Creation of the Ombudsman Unit:** DEP will establish an Ombudsman Unit, beginning January 1, 2008. The unit will be responsible for providing special assistance to all account holders facing lien sale and undergoing the lien sale process. The Ombudsman Unit will also hear dispute cases, as part of DEP's expanded dispute resolution process. In addition, the Ombudsman Unit will also oversee the work of the Safety Net Referral Program, using the existing network of City agency and not-for-profit programs, including HEAP; financial counseling and advocacy through the Center for New York City Neighborhoods (CNYCN), the Senior Citizen Homeowners' Exemption, and the Weatherization Assistance Program. A brochure providing all of this information will be available through multiple channels and will be updated as new programs are identified.

**(e) Customer Service Improvements:**

**(i) Dispute Resolution:** New customer dispute resolution processes are already being phased in. Customers can already access a dispute resolution form on the web, which streamlines the process and relieves the customer of the responsibility of creating a unique letter. Within a year, all new standard operating procedures will be in place and fully operational. Under the system now being rolled out, call center representatives will be able to resolve many disputes, with others referred to the dispute resolution form. More complex disputes will be resolved by a Dispute Resolution group, including an Ombudsman. These processes, which offer more prompt settlement of customer complaints, will be crucial in avoiding large arrearages in the future.

**(ii) Citywide AMR:** After a successful field testing period in summer 2007, installation of roof top receivers and account-based transmitters for the Automated Meter

Reading Program will begin in spring 2008. Installation throughout the City is scheduled for substantial completion by December 2010.

**(iii) Interim Bill and New Customer Information System (CIS):** DEP will introduce a new interim water and sewer bill in June 2008. Installation of a new customer information system is expected by June 2010. Introducing a monthly bill, and making additional improvements to the water and sewer bill, is dependent on installation of the new CIS system and the AMR system, which provides the actual water usage data. Based on the installation schedule of both these systems, it is expected that a monthly bill will debut in spring 2011.

**(f) Reporting:** Beginning July 1, 2008, DEP will provide to the Council quarterly reports detailing a wide range of performance factors, including the number of properties noticed for service termination and corresponding payment, delinquency data, spike notifications, dunning notices, call center traffic, and dispute resolution. Revenue data will be provided on a monthly basis.

DEP will work with DOF to coordinate inclusion of water and sewer liens on the lien sale servicer and financial advisor reports.

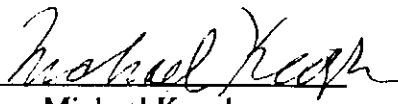
**Section 2. Rental Payment.** The Administration agrees to discuss the rental payment payable pursuant to the Lease between the City of New York and the New York City Water Board with the Council.

**Section 3. Effectiveness of this MOU.** This MOU shall become effective upon passage by the Council of the Tax Lien Legislation.

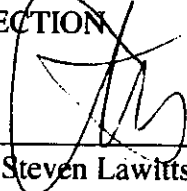
**Section 4. Amendments.** This MOU may be amended only by an instrument in writing signed by the parties hereto.

IN WITNESS WHEREOF, the undersigned have signed this MOU on the date set forth above.

COUNCIL OF THE CITY OF  
NEW YORK

By:   
Michael Keogh  
Director, Finance Division

NEW YORK CITY DEPARTMENT  
OF ENVIRONMENTAL  
PROTECTION

By:   
Steven Lawitts  
First Deputy Commissioner