



Queens Civic Congress

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QUEENS CIVICS CONGRESS TESTIFIES AGAINST WATER & SEWER RATE HIKE, April 23, 2003

Presented and Prepared by Corey B. Bearak, Esq., Executive Vice President for Public & Legislative Affairs

Thank you, on behalf of the Queens Civic Congress, for the opportunity to testify on our continuing concerns that water rates increase without any real oversight. I am Corey Bearak, Executive Vice President of this umbrella group that represents 100 civic, cooperative, condo, tenant and other community associations throughout the borough of Queens. Our membership represents almost every community in the borough. We oppose the 6.5 percent rate hike.

Policy makers need to recognize water, essential for life and also necessary as a commodity in the development of businesses, as a precious, but affordable, resource. Water rates that increase yearly place a hardship on homeowners, many of whom are seniors living on fixed incomes, cooperatives and small businesses. This makes it imperative that the Water Board keep the rates as low as possible. We must also recognize the essential linkage between property taxes, which once subsidized much of the water and sewer system, and these water use taxes. The shift towards full funding of the water and sewer system through the water rates did not result in any corresponding property tax reduction. Property taxes, already hiked 22% this past winter for Class 1, and water use taxes represent significant costs to property owners. New Yorkers continue to express upset at these regressive taxes; both impact New Yorkers who can least afford any increases. City Hall continues to ask homeowners and renters to pay more for the same services whose rising prices have yet to be justified by the Water Board. The current 6.5 percent increase must be put in context as one in a series of continuing increases. Since metering began in the 1980's, New Yorkers experienced a four-fold increase in the cost of their water.

This water tax uniquely factors in the capital costs for building a new water supply and delivery and treatment facilities plus the transfer of pre-1982 infrastructure bond debt. Including these capital costs -- much greater than actual operating expenses -- in calculating the water rate perpetuates a regressive practice not used by any other portion of the city for funding capital items. Furthermore, many of these expenses result from Federal mandates. Rather than make ratepayers carry this burden, the City and its water board ought to seek appropriate federal and state relief. It's only fair.

The New York City capital budget should fund the capital costs for water supply and treatment facilities. Also, the specter of a filtration plant in a park no less when the time exists to pursue filtration avoidance measure in the Croton Watershed and advocate to the Federal government to accept these cost effective alternatives, continues to puzzle New Yorkers. New York City and its water board owe a duty to its taxpayers and citizens not to special interest for whom we effectively subsidize development when we acquiesce in a filtration plan.

Thus, The Queens Civic Congress advocates that the water board and the city acknowledge the Water and Sewer charge as a use tax dedicated to the maintenance and operation of the treatment facilities and the city water supply. Use taxes traditionally regulated cost as well as promoted conservation. In the case of New York City, the water use tax has become a long-running example of back-door funding for capital work, set outside of the normal budgeting process.

This forms the basis of our fervent objection to the practice of setting rates before the City adopts its budget. Our platform, found on our website, www.queensciviccongress.org, specifically calls for this reform. Pending State legislation introduced by Assembly Member Mark Weprin and proposed by former Borough President Fernando Ferrer, would address this inequity. Also, Councilman Jim Gennaro recently introduced legislation, Int. No. 404 -- that would impose this change by local law. The Council bill substantially resurrects Int. No. 72-A, which I co-authored and negotiated, passed by the City Council in 1994. Int. No. 72-A resulted in the Water Board passing a resolution to delay its rate-setting effective in calendar 1999. In December 1998, the Water Board and the Giuliani administration broke the 1994 agreement and voted to rescind this resolution. We continue to support and advocate this important reform. It simply makes sense to empower the City Council to influence the rates set by the Water Board. It would create a greater incentive to economize and expand water conservation efforts. Also, it should encourage more New Yorkers to express their concerns about the City's water and sewer programs.

The Queens Civic Congress also supports legislation passed to provide a tax levy subsidy to households 65 or older and with incomes below \$27,900 to help offset the increasing water rates. Modeled on SCRIE and SCHE, this program developed by Ferrer and Queens Assembly Member Ann Margaret Carrozza would help seniors keep housing costs in check, enable them to stay in their homes and continue to be an important neighborhood stabilizer. We urge the Water Board's support to help get the Senate as well as the Assembly to act in the current session.

In closing, we oppose any rate hike and urge support for the legislative initiatives outlined above. Thank You.

The entire Queens Civic Congress Platform may be viewed on the internet at
<http://www.queensciviccongress.org/Platform/02platform.htm>

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