



Queens Civic Congress

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QUEENS CIVICS CONGRESS TESTIFIES AGAINST WATER & SEWER RATE HIKE, May 2, 2005

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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 three percent rate hike.

The Queens Civic Congress finds that annual increase in water rates place a hardship on homeowners, many of whom are seniors living on fixed incomes, cooperatives and small businesses. The Water Board must adopt policies that keep the rates as low as possible, while delivering clean drinking water and providing for safe disposal of wastewater. The propose rate increase while sounding modest must be viewed in the context of rate increases throughout all but 2 times over a quarter century. This occurs because current water system funding scheme fails to 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. Rising property tax bills and water use taxes represent significant costs to property owners. Mayor Bloomberg's property tax rebate for homeowners reflects knowledge of the upset that New Yorkers express 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. View this proposed increase in context as one in a series of continuing increases; **since metering began in the 1980's, the cost of New Yorkers' water increased more than four-fold. (400%).**

The Water Board and the administration it serves seems to limit discussion to assumptions that dictate the outcome that results in annual rate hikes. In the context of those assumptions, the technicians get an "A" for work done well. The problem remains that dependence on these assumptions allow policy-makers to avoid the reviews that could reduce the

systems costs and reduce our rates.

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First, 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 - 65 percent of the project capital costs over the next five years - result from Federal and some state mandates. As we stated in prior annual testimonies and in our platform, 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.

Second, the New York City capital budget should fund the capital costs for water supply and treatment facilities. In our platform, the Queens Civic Congress continues to question a filtration plant in a park when the time exists to pursue filtration avoidance measure in the Croton Watershed and advocate for the Federal reforms needed to empower New York City to implement these cost effective alternatives. New York City and its water board owe a duty to its taxpayers and citizens, not to upstate special interests for whom we effectively subsidize development, when we acquiesce in a building a filtration plant for the Croton system. In that light, the Queens Civic Congress applauds the Department of Environmental Protection's effort to prevent Westchester towns from releasing treated sewage into a Croton tributary; the congress urges DEP to hold steadfast against such actions and development that pose risks to our drinking water.

Third, the water board and the city must 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 New York City, it exemplifies 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. The State Assembly passed A.03791, introduced by Assembly Member Mark Weprin and proposed by former Borough President Fernando Ferrer, to address this inequity; it remains pending in the State Senate and should be passed. The state bill addresses the failed local attempt to impose this reform: Int. No. 72-A, which I co-authored and negotiated, and the City Council passed in 1994 only to be vetoed by Mayor Giuliani. Int. No. 72-A resulted in the Water Board passing a resolution to delay its rate-setting effective in calendar 1999. In December 1997, 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.

Better oversight might shed light on the water system's rental payments to the city, a clear subsidy by ratepayers to the general fund. Few know about the agreement which enables the city to pocket a projected \$127.7 million in rental payments in fiscal year 2006 (source Water Board's Blue Book). Then, there's the \$240 million for Bronx parks not impacted by the Filtration Plant

at Van Cortlandt Park - a \$1.5 billion project we previously questioned .

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These funds come out of the charges we pay. And for about every \$15 million, the rates could be reduced about 1 percent. Eliminating the current rental payment not only erases any need for the increase but funds a decrease in excess of six percent. Add Croton and its related pork projects and save more.

Finally, the water board needs to get on board and support efforts to ease the impacts of rate increases on our seniors who lived on fixed incomes. The Queens Civic Congress supports A.06495/S.111 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, support a rate rollback outlined above, and urge support for the legislative initiatives outlined above. Thank You.

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[A chart indicating rate increases since 1980 follows on the next page]

The entire Queens Civic Congress Platform may be viewed on the internet at:
<http://www.queensciviccongress.org/Platform/final2004Platform-forvote.pdf>

The next Queens Civic Congress meeting, takes place Monday, May 16.

Queens Civic Congress Members

Assoc. of Old Forest Hills Bayside Hills Civic Assoc. Bayswater Civic Assoc. Bay Terrace Community Alliance Belle Harbor Property Owners Bellerose-Commonwealth Civic Assoc. Bellerose-Hillside Civic Assoc. Bell Park Manor-Terrace Community Council Bowne Park Civic Assoc. Briarwood Community Assoc. Cambria Heights Civic Assoc. College Point Civic Taxpayers Assoc. Communities of Maspeth and Elmhurst Together Concerned Citizens of Laurelton Creedmoor Civic Assoc. Doug-Bay Manor Civic Assoc. Douglaston Civic Assoc. Douglas Manor Assoc Dutch Kills Civic Assn. East Flushing Civic Assoc. Federation of Laurelton Block Associations Floral Park Community Council Flushing on the Hill Civic Assoc. Flushing Heights Civic Assoc. Flushing Suburban Civic Assoc. Forest Hills Chamber of Commerce Forest Hills Crescents Assoc. Forest Hills-Van Court Assoc. Fresh Meadows Homeowners Assoc. Georgetown Mews Glen Oaks Village Owners Greater Astoria Historical Society Greater Whitestone Taxpayers Civic Association Harding Heights Civic Assoc. Harrison Place/Sunnyside Gardens Hillcrest Estates Civic Assoc. Hilltop Village Co-op #1 Hilltop Village Co-op #2 Hilltop Village Co-op #3 Hilltop Village Co-op #4 Hollis Hills Civic Assoc. Holliswood Civic Assoc. Hollis Park Gardens Assoc. Holly Civic Assoc. Hunters Point Community Coalition Hyde Park Owners Corp. Jackson Heights Beautification Group Jamaica Estates Assoc. Jamaica Hill Community Assoc. Juniper Park Civic Assoc. Kew Forest Neighborhood Civic Assoc. Kew Gardens Civic Assoc. Kew Gardens Hills Civic Assoc. Kissena Park Civic Assoc. Little Neck Bay Civic Assoc. Little Neck Community Assoc. Little Neck Pines Assoc. Lost Community Civic Assoc. Malba Civic Association Meadowlark Gardens Owners, Inc. Middle Village Property Owners Mitchell-Linden Civic Assoc. Newtown Civic Assoc. North Bellerose Civic Assoc. North Flushing Civic Assoc. North Hills Estates Civic Assoc. North Queens Homeowners Civic Assoc. Norwood Neighborhood Association Oakland Terrace/Gardens Council Off Broadway Homeowners Queensboro Hills Neighborhood Assoc. Queens Colony Civic Assoc. Queens Community Civic Corp. Queens Village Civic Assoc. Ramblersville-Hawtree Civic Assoc. Richmond Hill Historical Society Ridgewood Property Owners Assoc. Robinwood Property Owners Rockaway Action Committee Rockaway Beach Civic Assoc. Rocky Hill Civic Assoc. Rosedale Civic Assoc. Royal Ranch Assoc. Sagamore Douglaston Civic Assoc. Southeast Queens Coalition of Concerned Neighbors South Ozone Park West Civic Assoc. Springfield/Rosedale Community Assoc. Sunnyside Gardens Harrison Place Surrey Estates Civic Assoc. The Federation of Civic Associations of Southeast Queens The Property Civic Assoc. Union Turnpike Merchants Assoc. United Forties Civic Assoc. United Neighbors Civic Assoc. of Jamaica Utopia Estates Civic Assoc. Village Mall at Hillcrest Waldheim Neighborhood Assoc. Wayanda Civic Assoc. West Cunningham Park Civic Assoc. Westmoreland Assoc. Woodside Community Council

Appendix A

Water and Sewer Rate Increases

Date/FY	Meter change%	Sewer Charge%	Total Rate Increase
1980		25%	
1981		33%	
1982		33%	
1983		50%	
1984		50%	
1985		60%	
1986		60%	
1987*	9.90%	60%	9.9
1988	12%	70%	19%
1989	0%	75%	14%
1990, 1-6	7.80%	88%	24.3
1990, 7-12	9.00%	112%	
1991	0%	112%	22.9
1992	6.40%	136%	18%
1993	0%	159%	10%
1994	0%	159%	0%
1995	0%	159%	0%
1996	5%	159%	5%
1997	6.50%	159%	7%
1998	6.50%	159%	7%
1999	4%	159%	4%
2000	4%	159%	4%
2001	1%	159%	1%
2002	4%	159%	4%
2003	6.5%	159%	6.5%
2004	5.5%	159%	5.5%
2005	5.5%	159%	5.5%