

Queens Civic Congress President Corey Bearak quoted extensively on our efforts to hold down water rates.

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## Rating the Water Rate Increase

by Richard J. Bocklett

Throughout the week of April 27, citizens in all five boroughs spoke out in public hearings against a proposed water rate hike of 14 percent starting July 1. Opponents maintain that this, on top of a 14.5 percent hike last year and an 11.5 percent hike the year before puts special hardship on financially strapped homeowners, seniors living on fixed incomes, cooperatives, and small businesses.

The proposed water and sewer rate increase would raise annual costs for the typical single family home from \$799 to \$911, or approximately 30 cents per day.

Speaking at a hearing against these "economy-killing taxes" that are hurting the middle class, Corey Bearak, president of the Queens Civic Congress - a coalition of over 110 civic, tenant, and community organizations - testified, "City Hall - the mayor - must demand that the Water Board kill the proposed hike."

Offering a 16-point efficiency and cost-cutting plan, he urged the mayor, who appoints members of the rate-fixing board, "to take the necessary initiatives to ensure the Water Board operates consistent with its mandate to provide clean water and safe disposal, and achieve this - as can be done - without gouging New Yorkers."

Bearak proposed funding water supply and treatment facilities from the New York City Capital Budget rather than directly from ratepayers, thereby allowing the City Council to influence Water Board operations as it does with other city agencies.

"This makes the Water Board more responsive to the people," he argued.

Bearak also urged legislative efforts to ease the impact of high water rates on senior homeowners and tenants with a tax levy subsidy to those 65 and older with incomes below the current Senior Citizen Exemption eligibility limit.

Costa Constantinides, vice president of the Long Island City Alliance, deplored that with the proposed water rate hike, increases over the last three years will exceed 40 percent, rendering "water ratepayers as a cash cow that just keeps on giving."

The Alliance is against the rate hike especially because \$124 million of the new money will not be used for water maintenance and construction, but be funneled into a city general fund not related to Water Board operations.

"This is the biggest secret in New York City that's flying so low under the radar that people don't realize those funds are being used for things other than water," he fumed. "Then, there's about \$38 million more going for fire hydrant inspections, street sweeping activities, and 311 call centers, making about \$160 million going into city coffers that didn't need to be collected at all. There would be a lot more outrage if people knew this."

"These double-digit increases and talk of double-digit increases must stop," said Councilman David Weprin from northeast Queens, who chairs the council's Finance Committee. "Since taking office in 2002, there has been a rate increase in each year I have been in office. These water rate hikes have amounted to nothing more than a backdoor property tax increase."

Weprin also criticized the Department of Environmental Protection (DEP) for not improving their entire operation, including collecting monies owed the department, which, if implemented, would mitigate future double-digit rate hikes.

The Water Board leases the water and sewer infrastructure from the city. Until recently, the Board's rental payment to the city reimbursed the city for water-related debt service on bonds issued before the Water Board was created, as well as maintaining the system. However, since 2005, the formula led to rental payments in excess of the underlying city debt obligation.

Weprin stated that this "outdated formula" is forcing ratepayers to subsidize the city's general fund in Fiscal Year 2010 with rental payments from the Water Board of \$124 million, a figure that is predicted to soar to more than \$300 million by Fiscal Year 2015.

"This is ratepayer money going towards expenses outside of the New York City water system," Weprin said. "If the money from these payments to the city were rescinded and put back into the water system, these funds would negate the need for any water rate hike until it was absolutely needed."

Pat Barrientos, assistant to Weprin, urged ratepayers to contact the mayor, their councilman, and the Water Board to make their opinions felt. He noted the councilman's petition drive to stop any water rate hike has gathered over 1,000 signatures to date with a target of over 2,000 by May 15, when the Water Board will vote on the proposed increase.

"I'm happy the people have responded," Barrientos stated, "and are focused on the no-increase message."

Barrientos invited the public to sign the petition and to show their support at the Water Board's vote on May 15.

City Comptroller William Thompson, a mayoral hopeful, said city residents are being "ripped off" on their water bills, and that the hike would be especially onerous for single-family homeowners, whose property taxes have increased 16 percent over the last three years.

Thompson outlined for the Water Board members a multipoint plan to help the board address its rising costs while possibly creating savings for taxpayers, targeting the Water Board's rental payment arrangement with the city.

Thompson also touched on the ongoing million-dollar Water Board study of how water systems across the country structure their rates and examining ways to inject a greater degree of fairness into how water and sewer rates are set.

"By not producing the study as promised, the DEP is trying to keep the public out of the rate-setting process," Thompson railed. "That is an outrageous breach of responsibility."

Additionally, Thompson identified federal stimulus money as a source of revenue for the water system that might prevent water rate increases. Under the terms of the stimulus bill, the New York State Revolving Fund will receive approximately \$432 million for clean water projects and \$82 million for drinking water projects.

However, only half of that money is currently slated to be distributed in the form of direct grants or similar deep subsidies. Thompson is asking Governor David Paterson to forward a fair share of those funds to New York City.

Thompson further said that DEP should be required to cut its operating budget by 5 percent, like other city agencies. To date, the DEP has been exempted from the same belt-tightening reductions required at city agencies because it relies on water and sewer rates instead of tax revenue.

The DEP says the decline in water use - about 7 percent in the last few months - accounts for about 80 percent of its \$100 million deficit this year.

"An increase (in rates) of any size is never easy, and particularly now," DEP Acting Commissioner Steve Lawitts recently told NY1 in an interview. "I want to assure members of the board and the public that we are very diligent in keeping costs down."

The administration maintains that City modernization and infrastructure programs will ultimately save citizen's money. For example, upgrading its record-keeping system will help collect tens of millions of dollars in overdue water bills.