

Testifying Against City Hall's Attempt to Gouge Us on Water

New York One covered the Queens hearing. See its coverage including of Corey Bearak testifying and being interviewed by reporter Cefaan Kim after the hearing.

http://www.ny1.com/content/top_stories/98109/residents-steamed-over-city-s-proposed-water-rate-hike/Default.aspx

Below find copies of and/ or links to testimonies, submissions and excerpts of statements or testimony of interest. Elected officials who opposed the rate hikes in person or by submission (this will be updated as we receive more information) include Comptroller Bill **Thompson**, Borough Presidents Helen Marshall (Queens) and James Molinaro (Staten Island), Assemblyman **Mark Weprin**, Council Members James Gennaro, Leroy **Comrie**, David **Weprin**, James Oddo, Vincent Ignizio, Oliver **Koppell** and James Vacca. (**Bold** last names indicates find testimony below.)

April 27, 2009

ASSEMBLYMEMBER MARK WEPRIN SPEAKS OUT AGAINST WATER RATE INCREASE

Assemblymember Mark S. Weprin (D-Little Neck) announced his opposition to the proposal to increase metered water and sewer rates by fourteen percent in written testimony submitted to the New York City Water Board for today's hearing in Flushing, Queens. Mr. Weprin noted that the economic crisis, increasing unemployment, and the high cost of living mean that many New Yorkers will find it difficult to pay more for water.

“At such a critical time, the government should not be shifting the burden to residents in the form of a sharp increase in water and sewer rates,” said Assemblymember Weprin. “Every individual needs water, but the heaviest burden falls on those who can least afford to pay.”

Assemblymember Weprin also noted that there are problems with the current system for water and sewer charges. New York City uses revenues from water bills to fund capital projects and other expenditures. In addition, the water and sewer rates are set before the finalization of the City budget. Mark Weprin has introduced a bill in the State Assembly that would require the Water Board to wait at least thirty days after adoption of the City budget before setting its annual rates. The measure would allow the City Council to review the proposed rate structure, and to induce efficiencies to avert rate increases, or at least keep hikes as modest as practicable. Empowering the City Council to influence the rates set by the Water Board will create a greater incentive to economize and expand water conservation efforts. Also, the implementation of this measure should encourage more New Yorkers to express their concerns about the city's water and sewer programs. Interested people could lobby the City Council and the mayor during the budget adoption process with the full knowledge that the Water Board's rates would more closely reflect the City Council's budget actions. The bill has consistently passed the Assembly, but has yet to pass the Senate.

**City Council Deputy Majority Leader Leroy Comrie's 4-27-09 Letter
to Mr. Alan Moss, Chairman and Members of the N.Y.C. Water Board**

Thank you for giving me the opportunity to comment on the changes in metered and un-metered water rates and wastewater charges that your Board approved on April 3rd.

Once again, I must protest this proposed increase in rates. The 14% water rate increase planned for July 1, 2009 will mean that in the past four years water rates will have risen 60 %- the average single family homeowner will now pay over \$900 and this will be on top of increased assessments and taxes. Sewer charges would again be 159% of the water charges. These will prove to be unbearable burdens.

We must explore every means to reduce this increase. I, therefore, concur with the City Comptroller as well as the Queens Civic Congress that the nearly \$123.0 million in rental payments by the Water Board to the City's General Fund should be utilized instead for capital spending and rate reductions. The City has the option to decline these payments for water bonds which are no longer outstanding.

I also must agree with the Comptroller that federal stimulus funds received by the Governor's office should be utilized in part as "direct grants" to your Authority for the purpose of funding sewer projects-thus alleviating the need for ever increasing rates. And the funding must be done equitably.

In this regard, in a report issued on March 2nd, 2009 by Consulting Engineers Metcalf and Eddy for the New York City Municipal Water Authority it was indicated that many high priority projects are just not in D.E.P.'s Budget because of the need to support projects mandated by Albany or Washington but not funded by them. In your Blue Book issued last year it is stated that 60% of the system's capital priorities come from Federal and State capital environmental mandates and negotiated consent degrees.

Other needs are equally critical . You are dealing with an environmental "time bomb" if projects proposed to alleviate the high water levels and flooding in Southeast Queens and other parts of our Borough are not funded. In Southeast Queens there is a delay in more than \$228.0 million in construction that would reduce the flooding in neighborhoods where schools, churches and senior centers must now utilize pumps to preserve their property. We pay our water and sewer charges in Southeast Queens-we must have the projects that will prevent further damage to the infrastructure; otherwise future costs would be astronomical. Not only are new sewer systems required but seepage basins are inoperable and must be removed.

Finally, I am in support of the necessity that a more imaginative and innovative approach must be established to bring the water rates within the ability of homeowners to pay them. We did receive a commitment that a study would be initiated for this purpose and I would want to see the results of this study. We will need every resource we can muster to ensure that our ratepayers are treated fairly.

Capital costs will continue to increase, repairing aging infrastructure will be more expensive and as the public uses less water, we will have ever-increasing rates to make up for the lost revenue. However there is a limit to what the homeowner or building owner can bear. And, we are fast approaching the point when these rates will no longer be sustainable.

Thank you.

Excerpt of 4/27/09 Testimony provided by Bob Friedrich, President of Glen Oaks Village:

I call upon the NYC Water Board to cancel its proposed 14% increase on water & sewer rates. Working class folks living in communities like ours cannot afford these unconscionable increases thrust upon them year after year. This rate increase is the fourth in a series of annual double digit increases and according to the Water Board we can expect more of the same in the foreseeable future. The NYC Water Board is an agency that is seriously out of touch with its rate-payers, or worse, it simply doesn't care. If this was a private company, it would have been out of business, long ago. Double digit increases are just not sustainable and are creating serious financial hardships for many co-op and single-family homeowners.

Let me remind this agency that WATER is not a luxury and increasing its cost by 14% -- a rate far in excess of inflation -- hurts those who can least afford it. I am pleading with the NYC Water Board to cap all rate increases to the rate of inflation.

Testimony at the Staten Island Hearing, April 27, 2009 from Councilman David Weprin:

I am here today to oppose this double digit, 14.0% rate hike proposal. These double digit increase and talks of double digit increase MUST STOP!!! Since taking office in 2002 there has been a rate increase in each year I have been in office.

As Chair of the Council's Finance Committee, I find it hard to believe that such a rate hike is justified. The rate increases being proposed by this Water Board places an additional hardship on homeowners, seniors living on fixed incomes, cooperatives and small businesses and are particularly onerous on top of last year's 14.5% increase and the 11.5% increase the year before that.

The proposed water and sewer rate increase of 14% would raise the average annual water and sewer costs for the typical single family home from \$799 to \$911, an increase of \$28 per quarter, or approximately \$0.30 per day.

It is incumbent on this Water Board to adopt policies that keep the rates as low as possible, while delivering clean drinking water and providing for safe disposal of wastewater. To me passing rate increase is not a policy that keeps rates low as possible.

The Department of Environmental Protection has talked about taking necessary steps to improve their entire operation, including collecting monies owed. However, this process has been slow and painful to the rate payers.

On numerous occasions I have urged the City to address the issue of the excess rental payments that are being paid to the City. This issue has yet to be addressed by this board.

Under current projections, a whopping \$124 million will be diverted to the City's general coffers in FY 2010; by FY 2015, that amount would soar past \$300 million.

This is rate payer money going towards expenses outside of the New York City water system. 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.

Furthermore, in December of 2007, the Council gave stand alone water lien sale authority to the DEP in hopes of recouping monies owed to them. It was sold to the City Council, if given the authority that it would mitigate future double digit rate hikes. Well, as we can see the DEP lied to the Council and to the resident of New York City.

Tomorrow, at 10AM in the Council Chambers, the Committees on Finance and Environmental Protection will hold an oversight hearing to examine this Board's proposed water and sewer rate increase of 14% for FY '10 and the factors used in determining the increase, details concerning the new fees and billing changes, and what all these changes mean to homeowners.

This hearing will also focus on ways to decrease costs in other areas in DEP to prevent the rate increase, including the rental payment agreement.

New Yorkers are facing tough times – they are losing their jobs and their homes; they are paying more for less across the board – enough is enough.

I ask the residents of Staten Island who are here tonight to sign my [petition](#), which I started to circulate, and to ask your friends and family who live in New York City to sign it.

I will present these [petitions](#) at the May 15 Water Board meeting to remind this Board that New Yorkers are speaking and they want to and will be heard.

The Water Board and DEP are taking taxpayer's money and spending it in areas unrelated to the Water System.

These water rate hikes have amounted to nothing more than a backdoor property tax increase - and this needs to stop !

**Testimony at the Staten Island Hearing, April 27, 2009 from
NYC Comptroller William Thompson, Jr.**

http://comptroller.nyc.gov/press/2009_releases/pr09-04-099.shtm

I think I speak for the vast majority of New York City water ratepayers in expressing my deep concern over a possible double-digit water rate increase – the third in three years.

Simply stated, rising water and sewer rates are gouging New York City families and small businesses precisely at a time when they can least afford it.

For example, if the Board approves the proposed 14% rate increase for FY 2010, an average single family homeowner's rates will have risen from \$571 to \$911 in just four years – that's a 60 percent increase, over five times the inflation rate.

Such a hike would be particularly onerous for Staten Islanders, who are already struggling to keep up with rising property taxes.

For the most recent three-year period, property taxes on single-family homes in the borough will have increased by over 16% while those same homes lost over one-tenth of their market value.

At the same time, because of the borough's unusually high level of home ownership – the highest in the city at over 70 percent – it has been hit especially hard by the mortgage foreclosure crisis in our city.

Between 2007 and 2008, Staten Island saw a stunning 43.6 percent increase in foreclosures and had the highest rate of scheduled foreclosure auctions per household of any borough in the first quarter of this year. The impact of water rate hikes would likewise be disproportionately large here.

Today I am recommending that the board focus on 5 areas immediately to address escalating rates:

1. The Board must complete and make public a promised million-dollar study of alternative rate structures....That study was intended to help the board set rates this year.
2. Excess rent now being paid by the Water Board to the City – to exceed \$200 million by 2012 – should be rebated back to the water system, to be used for pay-go capital spending and rate reductions.
3. The City Department of Environmental Protection should be required to cut its operating

budget by 5% as other city agencies have been required to do.

4. We must ensure that the New York City water supply west of the Hudson River is protected from proposed gas drilling that could necessitate the construction of a \$10 billion filtration plant.

Let's begin with the rate study....As most of you know, last year, the Water Board committed a million dollars of ratepayer money:

- * to review how other utilities across the country structure their rates; and
- * to examine ways to inject a greater degree of fairness into our system.

Then-DEP Commissioner Lloyd promised that the Fiscal Year 2010 water and sewer rates would take into account the results of this study

I could take you through the minutes of your meeting last June, in which member after member of the board – from current Chairman Moss....to then-Chairman Tripp.....to Ms. Davis and others – spoke to the study's importance in addressing problems with the current rate structure.

And yet here we are a year later....As New Yorkers struggle to pay their bills in the midst of an historic economic crisis, a million dollars of their money has been committed to study that has yet to be released.

That is an outrageous breach of responsibility.

Even if you were to release the study today, that is too late to affect the rate structure and rate levels this year.

If delivered as promised, the report will deal with complex matters that must be absorbed and analyzed by government officials, policy advocates and the public....To do so effectively, we should have had it weeks or months ago.

While it's too late for this year, the Board must produce this study so that we may take actions to avoid new rate increases next year.

One important issue that was to be analyzed by the study is my longstanding proposal to rebate excess rent paid by the Water Board to the City.

As you know, the Board's current rental payments to the City are based on a formula that, until recently, simply reimbursed the City for water-related debt service on bonds issued before the Water Authority was created.

However, because of the way the formula works, since 2005 those rental payments have exceeded the amount needed to pay down this old debt...This "excess rent" will be nearly 123 million dollars this Fiscal Year and grow to more than 200 million dollars by Fiscal Year 2012.

For the past two years, I have proposed rebating the excess rent to the Water Board to offset the cost of running the water system.

That excess rent would be split equally for two purposes:

* One-half for pay-as-you-go capital spending, which reduces costs over the long term; and

* One-half to cut other water system expenses so we can give ratepayers relief from ever-escalating charges.

Using the excess rent in this way would save ratepayers over \$350 million between fiscal years 2010 to 2013 while protecting our bondholders.

An additional means of bringing savings to ratepayers is to require that the DEP cut its operating budget by five percent, as other city agencies have been required to do in this time of financial crisis.

New Yorkers are facing tough times....They are losing their jobs and their homes and they are paying more for less across the board....At a time New Yorkers must tighten their own belts, they have a right to expect that their government will do the same.

Finally, we must protect the New York City drinking water supply west of the Hudson from proposed gas drilling...Drilling near the watershed threatens to contaminate New York City drinking water and necessitate the construction of a \$10 billion water filtration plant, further increasing water rates.

The State's Environmental Impact review process must ensure that any drilling permits be tied to rules protecting our water from contamination associated with the drilling.

I submitted recommendations to the State in December and will continue to closely monitor and participate in the review process to protect our watershed and rate payers.

The Water Board has commissioned a study of these issues, but I urge you to take a more activist approach to this threat...As custodian of our drinking water, the Board should adopt an explicit policy to protect the watershed from natural gas drilling.

In conclusion, our water system cannot continue with business-as-usual in the face of tremendous economic and environmental threats.

Last year, many of the members of this body challenged the city's approach to the rate-setting process and extracted the promise – now broken – to have a comprehensive rate study inform the 2010 rate-setting.

Coincidentally or not, several of those members are no longer on the Water Board....I am sure the new members are equally committed to public service and urge you all to demonstrate your independence as you examine these issues.

We owe it to ratepayers in Staten Island and across our city to do everything we can to keep rate increases down as they struggle to keep up with the rising cost of living in our city, including proposed hikes in transit fares, as well as increases in sales and payroll taxes.

Toward that end, I urge you to give my excess rent rebate proposal careful consideration as the rate setting process moves forward in the next few months.

Council Member G. Oliver Koppell's Testimony to Water Board, April 28, 2009

I am City Council Member Oliver Koppell and I am a member of the Council's Committee on Environmental Protection. I represent the 11th Council District located in the North West Bronx, which comprises the neighborhoods of Kingsbridge, Norwood, Riverdale, Woodlawn, as well as portions of Wakefield and Bedford Park. We have many single-family and cooperative apartment homeowners in our district.

It is for that reason, among others, that I am seriously concerned about the Board's anticipated changes from currently effective water rates for services provided during the fiscal year commencing July 1, 2009. The Board has proposed that metered and unmetered water rates will increase by 14%.

Before explaining my reasons for opposing this draconian rate increase, I would like to give credit to the Department of Environmental Protection (DEP) for following through on my proposal to institute a residential shut off program for non-payment. As I predicted before the program was instituted, the compliance rate has increased astronomically. According to Board's 2010 Bluebook, serious delinquencies have declined by nearly 15% since 2008.

The overall delinquency rate beyond one-year still lags at 90% collection, whereas other cities are at 98%. If the DEP would reach this rate, it would net an additional \$200 million in revenue. This is equal to 8% of the amount of the proposed increase and could theoretically reduce it from 14% to 6%. We need a much more aggressive approach by the DEP to recover these desperately-needed revenues in these distressed economic times.

As part of the agreement, which authorized the DEP to institute a more aggressive shutoff program for non-payment, the DEP insisted that the City needed the ability to conduct stand-alone lien sales of delinquent water and sewer charges on certain residential properties. While I had some reservations about providing the City with this authority, we were told by the DEP that this would allow the DEP to generate increased revenue, which might help hold the line on such large increases in the future.

The lien sales—and the Payment Incentive Program that the DEP offered to delinquent customers prior to the lien sale—netted approximately \$100 million and started us on the way to dramatically reducing the number of long-term delinquencies. Unfortunately, even with this new revenue source the Board is now proposing as much as a 14% increase, after a double-digit increases the last two years.

Even more troubling is the fact that the Board is paying the City water rental payments that have exceeded the amount required to pay down General Obligation water-related debt. The "excess rent" will grow \$300 million by Fiscal Year 2015, according to the NYC Comptroller. This money flows into the City's general fund, to be used as any other general revenue—some have called it a backdoor tax.

This surplus should be applied directly to reducing the impact of the water rate increases. I stand with Council Finance Committee Chair, David Weprin in his call to negotiate with the City in this upcoming budget in order to ensure that these funds be returned to the Water Board in order to mitigate the proposed increases.

It should be noted that the DEP blames much of the need for the rate increase on mandated projects. I am unequivocally certain that a huge percentage of this expenditure is related to the massive cost overruns of the Croton Filtration project, originally projected at just under \$1 billion, which now has grown to over \$3 billion—a projected \$538 million to be spent just in this coming fiscal year alone. In turn, this large sum is clearly driving the need to increase rates by 14%. While the project is well underway and cannot be stopped, it is important to reflect for a moment on what was said by myself and others who opposed construction in Van Cortlandt Park—that this site was inappropriate and the project could be done much more cost-effectively in another location.

While nearly every other City agency is facing a 7.5% PEG, the DEP is expanding its budget through the Board and passing it on through rate increases to homeowners. A 7.5% cut could save the water system roughly \$60 million in expenses and allow the Water Board to revise the overall budget, mitigating the need for the DEP to increase rates.

Finally, given the current economic climate, the DEP should look for greater efficiencies in its operations, so that any increase in water rates is limited to below 10%. I was troubled to hear at today's City Council Finance Committee hearing that while other City agencies have gone to great lengths to reduce operating budgets, the DEP's operating budget expanded from the previous fiscal year to the current year. It is obvious that more work needs to be done to search for greater savings.

[Queens Chamber Testimony to City Council](#) Committees on Environmental Protection and Finance: Water Rate Hikes: Bad for Queens Businesses

[Queens Chamber: Water Rate Hikes: Bad for Queens Businesses](#)

Staten Island Chamber of Commerce April 27, 2009 Testimony to NYC Water Board

Good afternoon, my name is Linda Baran, President of the Staten Island Chamber of Commerce. On behalf of the Staten Island Chamber of Commerce and our 900 small business members who employ over 20,000 people, I would like to thank you for the opportunity to address the NYC Water Board regarding the proposed water and sewer rate increase for fiscal year 2010.

I am here today to voice our strong opposition to **another** increase in water and sewer rates!

The Staten Island's business community primarily consists of small businesses and entrepreneurs trying to make a living in a city and state that has become increasingly unfriendly to the small business owner. Approximately 80 percent of these businesses employ 10 people or less. Staying afloat during this recession has become an increasingly tenuous task!

The "cost of doing business issue" is something that the Chamber addresses on a daily basis. In addition to taxes, we typically get pleas from businesses that energy costs need to be controlled and that healthcare is rapidly becoming unaffordable. Now the Water Board is back again proposing a 14 percent increase for 2010. Last year rates jumped by 14.5 percent, in the prior year we saw an 11.5 percent increase and since 2001 water rates have risen to a whopping 77 percent (cumulatively) - Where does it end!

Simply put, businesses can not foresee or afford these drastic unforeseen increases. Hospitals,

nursing homes, hotels, hair salons, restaurants, catering facilities, and so on are going to really feel this increase in their bottom line. The only way for businesses to survive these constant increases is to pass the costs down to the consumer. It is a vicious cycle that is adversely affecting businesses and residents alike.

I am aware that the Water Board has been looking into some of the recommendations made in the past to address financing of the water and sewer system. I commend them for finally implementing ways to make sure that everyone pays his or her fair share. The lien sale and the Payment Incentive Program that they offered to delinquent customers netted approximately \$100 million and reduced the number of long-term delinquencies. But much more needs to be done to curb ongoing rate increases.

It is my understanding that it has been a year since the Department of Environmental Protection (DEP) committed to conducting a million dollar study to devise a better way to calculate water and sewer charges. We need this information **now** in order to be able to address setting any proposed rates. How long does it take to complete this study?

Additionally, in the past NYC Comptroller William Thompson presented a proposal that focuses on returning the “excess rent” that the Board currently pays the City back to the ratepayers. This excess rent is expected to grow to approximately \$207 million in 2012. I do not fully understand the formula but from what I can surmise as an outsider looking in; these potential solutions continue to be discarded and yearly exorbitant rate increases continue to be applied.

Recently, I saw a copy of a letter that Comptroller Thompson wrote to Governor David Patterson asking that he consider a direct grant allocation to the Water Authority from Federal Stimulus Funding money to the New York State Revolving Fund for clean water and drinking water projects. The Chamber feels that this revenue source could have an immediate impact on New York City’s rate base. Ultimately, the decision to allocate stimulus funding as grants or loans will be determined by the State and City Officials but the **one** body that can stop or reduce onerous rate hikes is the Water Board itself.