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The Public Ought to Know: Cash goes down the drain as water fees rise

By Corey Bearak 06/12/2003



Corey Bearak

The New York City Water Board voted May 5 to raise rates for the water we drink, wash and bathe in and with which we water our lawns and wash our cars. While we pay for this water, and rightfully so, the process takes dollars right out of our pockets. Ask your elected officials what they plan to do to right this problem.

Not only do we get charged for using it, we get charged when it goes down the drain, when we flush our toilets and when it drains from our cars into the city's system of catch and seepage basins.

This cost, the "sewer" charge, represents 159 percent of what we pay for water. And we receive no break for water that evaporates when we water our houseplants or flowers outside.

News stories, including those in this paper, indicated how the new rates impact on users, including homeowners and tenants.

Some readers may recall a time when we paid much less, when we paid based on "frontage." Frontage involved how many water-using devices each home had. It involved different charges for toilets, faucets and outdoor spigots.

In those days of frontage, before the city shifted to water metering, a typical user paid very little compared to today. I can recall water bills that did not exceed \$10 per month back in 1984. Today, a typical homeowner pays \$45 to \$50 per month, a 350 percent to 400 percent increase.

Much of the increase coincided with the imposition of water metering. As a result, many New Yorkers unfortunately associate this program meant to decrease water use — to encourage us to conserve water — as a ruse to raise our water rates. Nothing can be further from the truth.

Regrettably, the coincidence of the introduction of water metering with the increases in what we pay for water and its disposal gave this conservation tool a bad name. City officials, in testimony to the City Council's Committee on Environmental Protection in 1990, cited studies that indicated metering could reduce consumption of water by at least 5 percent

Water metering charges users a fee based on what they use. It contrasts with frontage, which charges based on what one might use, and introduced transparency into the water and sewer fee structure. Most of us know we pay charges based on what we use. If we want to pay less, we conserve.

Some residential buildings remain unmetered. This occurs despite the intention at the outset of the program to require all buildings to be metered. Some apartment owners questioned the fairness of metering if they cannot submeter their tenants, some building owners could not easily adapt their building to submeters and, in any case, the city cares nothing about metering beyond

its connection from the street to each building.

The program makes no distinction whether the meter connection measures water entering a home or an apartment house. As a result of the complaints from owners of multi-unit housing, the city effectively slowed down its plans to achieve universal metering.

This continued reliance on frontage charges inhibits the use of metering as a conservation measure; moreover, the billing process involved in frontage becomes the annual excuse for the Water Board to avoid true accountability when it sets the rates it charges us.

The Water Board sets its rates before the City Council passes the city budget. Why does this matter? Well, the Water Board, created by the state to run the city's water and sewer system, rents the city's system of reservoirs and water mains from the city and then contracts with a city agency to run the system.

In reality, the city's Department of Environmental Protection — as it did before the Water Board existed — runs our water and sewer system. The Water Board pays "rent" to the city for the use of the system; this rent effectively represents a gift from ratepayers to the city's general fund.

The Water Board's Blue Book projects that the Water Board will pay the city \$101.9 million in rental payments in fiscal year 2003 and \$123.6 million in fiscal year 2004. These funds come out of the charges we pay. And for about every \$15 million, the rates could be reduced about 1 percent.

The 6.5 percent rate hike for fiscal year 2003 paid the rent. The projected rent for the next year absorbs the 5.5 percent hike and another 2.5 percent that could be reduced.

So the current system of funding our water system's operation evolved in an entity accountable to virtually no one. The growth in rates really spiked after the November 1989 election.

Then Mayor Ed Koch, unable to forge an agreement with members of a Board of Estimate (the five borough presidents; the city council president, now called the public advocate; and the comptroller), ended the city tax levy subsidy that kept our water bills below the actual cost. The chart below shows the growth in water and sewer rates.

Moreover, unfunded federal and state mandates, according to the spokesman for the Water Board, in these pages, represent 70 percent of the cost of your bill, \$7 out of every \$10 dollars. As a former employer likes to say, "What's wrong with this picture?"

In a future column, we can look at ways to address these costs and hold them down.

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*	9.9%	60%	9.9%
1988	12%	70%	19%
1989	0%	75%	14%
1990, 1-6	7.8%	88%	24.3%
1990, 7-12	9.0%	112%	
1991	0%	112%	22.9%
1992	6.4%	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%

The source for meter change and sewer charge change percents is p. 33 of Municipal Water Finance Authority Preliminary Official Statement, dated May 15, 2000.

435% increase from 1980-2001

233% increase from fiscal year 1986-fiscal year 2002

*metering began that fiscal year, July 1, 1987

**source FY'01 and FY'00 rate books ("Blue Book")

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