



Water Rate Hikes: Very Bad for Queens Businesses

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Thank you for this opportunity to present the opposition of the Queens Chamber of Commerce to another outrageous water and sewer rate hike. The Queens Chamber of Commerce represents thousands of businesses and firms of all sizes that do business from and/ or in our vibrant borough. We look at this year's rate hike scheme from a business perspective and expose the rate hike's true colors. The proposed 12.9% hike stands out as 12.9% too much!

Water Rates affect **everyone** – homeowners, condo and co-op owners and tenants, and businesses (whether they own or rent their space) and property owners. Sky-high water rates, increasing every year, contributes to New York City's image as an unaffordable, high-tax jurisdiction. This makes it harder attract and keep businesses.

Everyone knows that Water and Sewer hikes really function as tax hikes in all but name. The manner that City Hall allows the current funding scheme to effectively use water and sewer revenues to subsidize the City's expense budget makes that so darn plain. It needs to end. This use of so many millions of dollars to cover costs outside the water system and the outrageous practice of the city charging itself rent to operate its water and sewer system make clear how the water board functions as a cash cow for City Hall. End these practices....today!

City ratepayers previously paid real estate taxes to fund part of this system. The shift to metering and the increases since did not result in a reduction in taxes. To review water rates without consideration of overall taxes imposed in New York City and the ongoing subsidy to the general fund provided by the systems paints an inaccurate accounting of overall burdens paid by taxpayers and ratepayers - one and the same. Further to penalize New Yorkers, including business owners for following green practices in their operations – using less of this precious resource – just boggles the mind.

The City Rate [presentation](#) blames reduced water use for a drop in anticipated revenue which account for \$110 million of a projected \$322 million shortfall. We use less and you want us to pay more. When City Hall first pitched water metering, it promoted metering to conserve water; to get New Yorkers to use less. So now you seek to gouge us in part for heading that admonition?

And then it continues the anachronistic “rental payment” – this time proposing that the water board pay \$220 million of the revenue it collects as “rent” to the city. While the water board faces this obligation to pay the rent, nothing prohibits the City from tearing up the rental agreement. This backdoor payment to the City budget must go.

The City's Independent budget office issued a [report](#) (May 2008) that disclosed the water board paying expenses of the City Budget for other agencies, including Sanitation and the Fire Department, and other questionable costs. If updated today, those numbers likely exceed \$100 million.

Add the rental payment and the additional accounting ploys and there you have it. No rate increase at all.

What's so important at averting another rate hike? These and future planned hikes also hurt the overall economy of the city at a most inopportune time. In New York's current economic state, further water rate gouges threaten most irreparable harm on a most fragile economy.

When the Water Board's capital program substantially results from federal and some state mandates, the Queens Chamber questions the apparent lack of any plans to press for appropriate levels of aid from Albany and Washington to address what those governments require of New York City. Even in difficult times, we must never let up on those to mandate to show us the money.

It remains important to consider the views of the business community and recognize the impacts of hiking water and sewer taxes – That's right taxes – before continuing down the same of path of spend and spend when there just might exist better means to achieve a safe delivery of clean water to New Yorkers.

The rate hike system lacks true accountability and needs reform. Queens Chamber stands ready to work with other business groups, advocates and civic organization to recommend and pass measures to affect the change we need.

Thank you.

Water and Sewer Rate Increases

Date/ FY	Meter change %	Sewer Charge %	Total Rate Increase		Date/ FY	Meter change %	Sewer Charge %	Total Rate Increase
1980		25%			1995	0%	159%	0%
1981		33%			1996	5%	159%	5%
1982		33%			1997	6.5%	159%	7%
1983		50%			1998	6.5%	159%	7%
1984		50%			1999	4%	159%	4%
1985		60%			2000	4%	159%	4%
1986		60%			2001	1%	159%	1%
1987*	9.9%	60%	9.9		2002	4%	159%	4%
1988	12%	70%	19%		2003	6.5%	159%	6.5%
1989	0%	75%	14%		2004	5.5%	159%	5.5%
1990, 1-6	7.8%	88%	24.3		2005	5.5%	159%	5.5%
1990, 7-12	9.00%	112%			2006	3%	159%	3.00%
1991	0%	112%	22.9		2007	9.4%	159%	9.4%
1992	6.4%	136%	18%		2008	11.5%	159%	11.5%
1993	0%	159%	10%		2009	14.5%	159%	14.5%
1994	0%	159%	0%		2010	12.9%	159%	12.9%

*metering began that fiscal year, July 1, 1987

**Proposed Hike FY2011

Date/ FY	Meter change %	Sewer Charge %	Total Rate Increase
2011	12.9%	159%	12.9%