

APRIL 17, 2001

**BOROUGH PRESIDENT FERNANDO FERRER OPPOSES
INCREASE IN WATER AND SEWER RATES**

Borough President Fernando Ferrer today urged the NYC Water Board to reduce its rates and promote sound policies to mitigate expected future increases. In testimony to be presented next week, Ferrer makes clear to the members of the Water Board that he finds continued water and sewer rate increases unacceptable. Ferrer also call for accountability in setting water and sewer rates and support for his program to provide rate relief for seniors.

"All New Yorkers view their water and sewer charges as a tax -- a hidden tax that cannot be deducted," stated Ferrer. "Regressive by its very nature, it affects the New Yorkers who can least afford it.

"Why increase rates – however modestly – for metered users of the City's water and sewer systems when the City's FY'2002 budget forecasts an 0.2 percent decrease in spending," added Ferrer. "If the City is actually spending less, how can the Water Board ask residents to spend more?"

Ferrer questioned the Water Board's lack of accountability for setting its rates before New York City adopts its budget. "This goes to the core issue of accountability. As I pointed out the last three years, I find it troubling that while the Water Board has authority to set what amounts to tax policy for New York City residents, there exists little to no government oversight of the Board. These rates reflect a budget certified by a Mayoral Office. It reflects none of the analysis and review afforded most municipal services as part of the process for the adoption of the City's Executive Expense and Capital Budgets."

Ferrer explained that this occurs because the Water Board sets its rates before New York City adopts its budget. In doing this, Ferrer said, "the Water Board acts as a taxing authority with no public accountability. The City Council and later the administration by its control of the water board failed to inject this accountability into the system," Ferrer said.

As a result of this failure to act, Ferrer announced state legislation to pursue its implementation. A Ferrer bill, A.8496, introduced by State Assemblyman Mark Weprin, would amend the public authorities to require the Water Board to set its rates "not less than thirty days after the adoption of the executive budget by the city."

Ferrer said, "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, it should encourage more New Yorkers to express their concerns about the City's water and sewer programs. The cumulative increase through 2002 approaches 240 percent and the average bill will reach \$531. 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.

"This reform should also make it easier for more New Yorkers to follow water issues and press for conservation, filtration avoidance and watershed protection," added Ferrer an ardent advocate of watershed protection and conservation measures."

Ferrer urges at look at how New York City can avoid future water rate increases, including cessation of plans to construct the Croton Water Filtration Plant right in the middle of the Mosholu Golf Course in Van Cortland Park, estimated at \$660 million to build and \$11 million to operate. "Instead," Ferrer proposes "aggressive watershed protection measures and the Optimal Non-Filtration Plan, developed by DEP. This smarter use of public dollars – between \$20 and \$210 million in capital costs and \$2 to \$3 million in operating costs – also preserves the fast disappearing regional open space resources for future generations.

In addition, the City must pursue innovative measures where the 1997 Memorandum of Agreement (MOA) between the city, the state and watershed communities prohibiting the city from using condemnation to acquire land in the watershed, allows property owners to freely reject all city offers to purchase their land. Ferrer urged the Governor, in letters last summer and this past winter, to spearhead a new State effort to acquire undeveloped lands around the Kensico Reservoir to protect New York City's threatened watershed and our water supply over the long term.

Nothing bars the state from stepping in for the City and acquiring these undeveloped lands in the Croton Watershed. The threat of state action should move intransigent owners to negotiate in good faith.

Ferrer, a member of the Coalition for Water Bill Justice, also told the Water Board to amend its rules to allow ratepayers to seek adjustments for billing errors up to six years old. "This makes sense and follows the standard applied to public electric, gas and telephone utilities," Ferrer explained. "Though publicly owned, the Water Board functions as a utility and should follow the same standards in its billing practices."

Ferrer also urged the Water Board's support for his legislation, first proposed at 1999's hearings, to provide a tax levy subsidy to help offset the increasing water rates for seniors 65 or older and with incomes below \$27,900. Ferrer developed this program with Queens Assembly Member Ann Margaret Carrozza to help seniors keep housing costs in check, enable them to stay in their homes and continue to be an important neighborhood stabilizer. The Bronx State Senator Guy Velella sponsors the legislation, A.6835/ S.4027 in the Senate and Brooklyn Council Member Steve DiBrienza sponsors Council legislation supporting its enactment.

Ferrer also advocated a bi-furcated billing policy that reflects that a major portion of the cost of the water and sewer system involves capital construction. "Most other municipal water systems do not rely on water charges to pay capital costs," Ferrer advised.

The hearings take place as follows:

Monday, April 23, 2001

***Bronx:** 9:30 a.m., Herbert H. Lehman College, Carman Hall, Room B-04, 250 Bedford Park Boulevard West.

***Queens:** 5:00 p.m. DEP, Lecture Room, 6th Floor, 59-17 Junction Boulevard Corona

Tuesday April 24, 2001

***Brooklyn:** 1:30 p.m. Brooklyn Public Library, 1st Floor Auditorium, Cadman Plaza

***Staten Island:** 5:00 p.m., College of Staten Island, Center for the Arts, Recital Hall, 2800 Victory Boulevard

Wednesday, April 25, 2001

***Manhattan:** 5:00 p.m. College of Insurance, 2nd Floor Auditorium, 101 Murray Street.

Members of the public who wish to testify at the hearing, should contact the Water Board's Kevin Kunkle at (718) 595-360 not later than April 19, 2001. Oral testimony is limited to 5 minutes. A copy of any prepared or written statement may be submitted to the NYC Water Board, 59-17 Junction Blvd., 8th Floor, Corona, NY 11368. Call or write the Water Board to obtain copies of its Information Booklet describing the rate proposal

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Water and Sewer Rate Increases

Date/FY	Meter change %	Water Rate per 100 cf (748 gallons)	Sewer Charge %	Sewer Rate per 100 cf (748 gallons)	Total Rate**	Total Increase
1980		\$0.525	25%	\$0.13		\$0.66
1981		\$0.525	33%	\$0.17		\$0.70
1982		\$0.525	33%	\$0.17		\$0.70
1983		\$0.580	50%	\$0.29		\$0.87
1984		\$0.620	50%	\$0.31		\$0.93
1985		\$0.660	60%	\$0.40		\$1.06
1986		\$0.066	60%	\$0.40		\$1.06
1987*	9.90%	\$0.725	60%	\$0.44	9.9	\$1.17
1988	12%	\$0.810	70%	\$0.57	19%	\$1.38
1989	0%	\$0.810	75%	\$0.61	14%	\$1.42
1990, 1-6	7.80%	\$0.870	88%	\$0.77	24.3	\$1.64
1990, 7-12	9.00%	\$0.950	112%	\$1.06		\$2.01
1991	0%	\$0.950	112%	\$1.06	22.9	\$2.01
1992	6.40%	\$1.010	136%	\$1.37	18%	\$2.38
1993	0%	\$1.010	159%	\$1.61	10%	\$2.62
1994	0%	\$1.010	159%	\$1.61	0%	\$2.62
1995	0%	\$1.010	159%	\$1.61	0%	\$2.62
1996	5%	\$1.060	159%	\$1.69	5%	\$2.75
1997	6.50%	\$1.130	159%	\$1.80	7%	\$2.93
1999	6.50%	\$1.200	159%	\$1.91	7%	\$3.11
1999	4%	\$1.250	159%	\$1.99	4%	\$3.24
2000	4%	\$1.300	159%	\$2.07	4%	\$3.37
2001	1%	\$1.310	159%	\$2.08	1%	\$3.39
2002	4%		159%		4%	\$3.53

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 fy1986-fy2002

*metering began that fiscal year, July 1, 1987

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

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[A copy of the legislation to inject accountability in rate-setting follows]
(Corey awaits an electronic copy of the state bill)