



## Water Rate Hikes: Just Another Tax Hike for Queens Businesses

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Contact: Jack Friedman (718) 898-8500/ cell: (646) 642-4790

### **Testimony to City Council Committees on Finance and Community Development**

Thank you for this holding this oversight hearing and this opportunity to present the opposition of the Queens Chamber of Commerce to another outrageous water and sewer rate hike. Queens Chamber represents thousands of businesses and firms of all sizes that do business from and/ or in our vibrant borough. The Chamber looks at the Water Board proposal from a business perspective and expose the rate hike's true colors. The proposed 7.5% hike stands out as 7.5% too much! The Chamber plans to testify to that next Tuesday, just as we [opposed](#) last year's rate gauge.

The Chamber platform makes plain our concerns: “The Chamber opposes City water and sewer rate hikes as disguised tax hikes. The City should stop using revenues from this source to cover costs outside the water system. The City should end the current practice of charging itself ‘rent’ for operating the water and sewer system.”

Water Rates affect **everyone** – not just homeowners, condo and co-op owners and tenants; it affects businesses (whether they own or rent their space) and property owners as well. Sky-high water rates, increasing every year, contributes to New York City's image as an unaffordable, high-tax jurisdiction. Coupled with high property taxes that hit businesses particularly hard, this makes it tougher to 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 perpetuates 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 ends. 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 Queens Chamber welcomes the DEP's recent strongly advocacy for regulatory reform at the State and Federal levels. When much of Water Board's capital program substantially results from federal and some state mandates, the Queens Chamber again 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. For Fiscal Year's 2011-2015, mandate capital amounts to 20% of the overall program (Source FY'2012 [Blue Book](#), page 12). Even in difficult times, we must never let up on those to mandate to show us the money. The DEP must still seek dollars from those who mandate.

Last year's City Rate [presentation](#) blamed reduced water use for a drop in anticipated revenue which accounted for \$110 million. When City Hall first pitched water metering, it promoted metering to conserve water; to get New Yorkers to use less. The message: use less but still pay more; just non-sensical. In fact, this year's [presentation](#) indicates more revenue this year despite projected less consumption.

And then it continues the anachronistic “rental payment” – this time proposing that the water board pay \$237 million – \$35 million more than the current year – 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 more than exceed \$100 million. In the name of transparency, the Council should require the DEP to provide current numbers.

Add the rental payment and the additional accounting ploys and there you have it. No rate increase at all; in fact a much overdue [reduction](#). For about every \$23 million in reduced expenses the Water Board can reduce rates by one point. This could mean a 7.5% rate cut instead of the proposed hike.

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.

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 old 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 FY2012 and FY2011 hike

Date/ FY	Meter change %	Sewer Charge %	Total Rate Increase
2011		12.9%	159%
2012		7.5%	159.0%