



Queens Civic Congress

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QUEENS CIVIC CONGRESS OPPOSES WATER & SEWER TAX HIKE

Testimony to Joint hearing

City Council Finance Committee and Committee on Environmental Protection

October 22, 2007

Presented and Prepared by Corey B. Bearak, Esq., President

Thank you, Chairmen Weprin and Gennaro on behalf of the Queens Civic Congress, for the opportunity to testify on our continuing concerns that water rates increase without any real oversight. I am Corey Bearak, President of this umbrella group that represents 100 civic, cooperative, condo, tenant and other community associations throughout the borough of Queens. Our membership represents almost every community in the borough. We oppose this double digit 18.5% rate hike which effectively serves as another tax hike and represents a further abdication by City Hall when it comes to securing the support New Yorkers should expect from Washington and Albany.

At a time when one of our brightest New York lights chairs the House Ways and Means Committee and many other Members hold other senior posts in Congress the ongoing lack of any plan to capture appropriate federal aid and relief staggers the mind. The Queens Civic Congress questions why City Hall lets Washington off the hook. Further, the several billion for Croton -- nearly \$3 billion according to the IBO last month -- and UV for Cat-Del would be better allocated to more land purchases and conservation easements; where property owners become recalcitrant, the state must step in for the City which gave up its right to use condemnation as part of the watershed agreements forged with the State and upstate communities. And the annual rental payment to the city from the Water Board, what predecessor Sean Walsh calls a "Ponzi scheme," covers all but one percent of last rate hike. Stop it!

These reasons remain compelling examples why the Queens Civic Congress opposes these water tax hikes. The Queens Civic Congress finds that these consistent annual increases in water -- and sewer -- rates place a hardship on homeowners, many seniors living on fixed incomes, cooperatives and small businesses. It makes all the more incredulous and outrageous City Hall's plan to foist another enormous tax hike on New Yorkers; this is akin the the 22% property tax hike we endured.

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Instead of these hikes – this time perhaps as a ruse to pressure the City Council to act on the lien sale issue, the Queens Civic Congress calls on the 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. While we commend the record on quality water delivery and efforts to upgrade wastewater disposal, the Water Board and our City fathers consistently get failing grades on rate-setting. The proposed rate increase looks particularly gouging with the enormous surplus the Water Board projects.

The 18.5% rate increase follows a scheme of hikes throughout all but two times over nearly three decades. This occurs because current water system funding scheme fails to recognize the essential linkage between property taxes, which once subsidized much of the water and sewer system, and these water use taxes. The shift towards full funding of the water and sewer system through the water rates did not result in any corresponding property tax reduction. Rising property tax bills and water use taxes represent significant costs to property owners. Mayor Bloomberg's property tax rebate for homeowners reflects knowledge of the upset that New Yorkers express at these regressive taxes; both impact New Yorkers who can least afford any increases. City Hall continues to ask homeowners and renters to pay more for the same services whose rising prices have yet to be justified by the Water Board. View this proposed increase in context as one in a series of continuing increases; **since metering began in the 1980's, the cost of New Yorkers' water increased more than four-fold.** (465%). This hike puts New Yorkers on the verge of a 500% hike since metering started. [Please see chart, page 4.]

The Water Board and the administration it serves seems to limit discussion to assumptions that dictate an outcome that results in annual rate hikes. In the context of those assumptions, the technicians get an "A" for work done well. The problem remains that dependence on these assumptions allow policy-makers to avoid the reviews that could reduce the systems costs and reduce our rates.

First, this water tax uniquely factors in the capital costs for building a new water supply and delivery and treatment facilities plus the transfer of pre-1982 infrastructure bond debt. Including these capital costs -- much greater than actual operating expenses -- in calculating the water rate perpetuates a regressive practice not used by any other portion of the city for funding capital items. *Furthermore, many of these expenses – 70% of the project capital costs over the next five years - result from Federal and some state mandates.* As stated in our annual testimonies to the NYC Water Board and in our platforms, including our current CIVIC 2030, rather than make ratepayers carry this burden, the City and its water board ought to seek appropriate federal and state relief. It's only fair.

Second, the New York City capital budget should fund the capital costs for water supply and treatment facilities. In our platform, the Queens Civic Congress continues to question a filtration plant in a park when the time exists to pursue filtration avoidance measure in the Croton Watershed and advocate for the Federal reforms needed to empower New York City to implement these cost effective alternatives. New York City and its water board owe a duty to its taxpayers and citizens, not to upstate special interests for whom we effectively subsidize development, when we acquiesce in a building a filtration plant for the Croton system.

Third, the water board and the city must acknowledge Water and Sewer charges as a use tax dedicated to the maintenance and operation of treatment facilities and the city water supply. Use taxes traditionally regulated cost as well as promoted conservation. In New York City, it exemplifies back-door funding for capital work, set outside of the normal budgeting process.

This forms the basis of our fervent objection to the practice of setting rates before the City adopts its budget. Our platform, found on our website, www.queensciviccongress.org, specifically calls for this reform which will end essentially at-will funding of the Department of Environmental Protection. The State Assembly each year passes legislation (A.04824/S.2513), introduced by Assembly Member Mark Weprin that I proposed while working for the Bronx Borough President. It remains pending in the State Senate and should be passed.

The state bill addresses the failed local attempt to impose this reform: Int. No. 72-A, which I co-authored and negotiated, and the City Council passed in 1994 only to be vetoed by Mayor Giuliani. Int. No. 72-A resulted in the Water Board passing a resolution to delay its rate-setting effective in calendar 1999. In December 1997, the Water Board and the Giuliani administration broke the 1994 agreement and voted to rescind this resolution. We continue to support and advocate this important reform. It simply makes sense to empower the City Council to influence the rates set by the Water Board. It would 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.

Better oversight might shed light on the water system's rental payments to the city, a clear subsidy by ratepayers to the general fund. Few know about the agreement which enables the city to pocket \$135.9 million in rental payments in this fiscal year 2007 (source Water Board's Blue Book, Page 25) and projected at \$154.8 million in the next fiscal year. That amount increased by nearly \$19 million – talk about back door taxes. These funds come out of the charges we pay. And for about every \$15 million, the rates could be reduced about 1%. Eliminating the current rental payment erases any need for the increase. Last year's payment would have funded the rescission of all but 0.36% of the rate hike. Add Croton and its related pork projects and save more, and cut the rates further. The current 18% hike makes clear the need for the City Council to reconsider the entire Croton deal.

I also want to use this opportunity to urge support for efforts to ease the impacts of rate increases on our seniors who lived on fixed incomes. The Queens Civic Congress supports legislation which would provide a tax levy subsidy to households 65 or older and with incomes below the current Senior Citizens Homeowner Exemption eligibility limit to help offset the increasing water rates. Modeled on SCRIE and SCHE, this program developed by Ferrer and Queens Assembly Member Ann Margaret Carrozza (just over seven years ago) would help seniors keep housing costs in check, enable them to stay in their homes and continue to be an important neighborhood stabilizer. We urge the Council's support to help get the Senate as well as the Assembly to act when they return next year.

In closing, we oppose any rate hike, support a rate rollback, and urge support for the legislative and program initiatives outlined above. Thank You.

Queens Civic Congress Members

Association of Old Forest Hills ♦ Auburndale Improvement Association ♦ Bayside Civic Database ♦ Bayside Clear-Spring Council ♦ Bayside Hills Civic Association ♦ Bayswater Civic Association ♦ Bay Terrace Community Alliance, Inc. ♦ Bellaire-BellVill Civic Association ♦ Belle Harbor Property Owners Association ♦ Bellerose Commonwealth Civic Association ♦ Bellerose Hillside Civic Association ♦ Bell Park Manor Terrace Community Council ♦ Bowne Park Civic Association ♦ Briarwood Community Association ♦ Cambria Heights Civic Association ♦ Cherry Robinson Homeowners ♦ Civic Association of Utopia Estates ♦ C.O.M.E.T. (Communities of Maspeth-Elmhurst Together) ♦ Concerned Citizens of Laurelton ♦ Cornucopia Society ♦ Creedmoor Civic Association ♦ Deerfield Area Association ♦ Doug-Bay Manor Civic Association ♦ Douglas Manor Association ♦ Douglaston Civic Association ♦ Dutch Kills Civic Assn. of Long Island City ♦ East Flushing Civic Association ♦ Federated Block Associations of Laurelton ♦ Federation of Civic Associations of Southeast Queens ♦ Floral Park Community Council ♦ Flushing Heights Civic Association ♦ Flushing on the Hill Taxpayers Association ♦ Forest Hills Chamber of Commerce ♦ Forest Hills Crescents Association ♦ Forest Hills-Van Court Association ♦ Fresh Meadows Homeowners Association ♦ Georgetown Mews ♦ Glendale Civic Association of Queens ♦ Glen Oaks Village Owners, Inc. ♦ Greater Astoria Historical Society ♦ Greater Whitestone Taxpayers Civic Association ♦ Harding Heights Civic Association ♦ Hillcrest Estates Civic Association ♦ Hilltop Village Co-Op #1 ♦ Hilltop Village Co-Op #2 ♦ Hilltop Village Co-Op #3 ♦ Hilltop Village Co-Op #4 ♦ Hollis 11423 Block Association ♦ Hollis Hills Civic Association ♦ Holliswood Civic Association ♦ Hollis Park Gardens Civic Association ♦ Holly Civic Association ♦ Hunters Point Community Coalition ♦ Hyde Park Gardens Cooperative ♦ Jackson Heights Beautification Group ♦ Jamaica Estates Association ♦ Jamaica Hill Community Association ♦ Juniper Park Civic Association ♦ Kew Gardens Civic Association ♦ Kew Gardens Hills Homeowners Association ♦ Kissena Park Civic Association ♦ Little Neck Bay Civic Association ♦ Little Neck Pines ♦ Malba Civic Association ♦ Meadowlark Gardens Owners ♦ Middle Village Maspeth Civic Association ♦ Middle Village Property Owners Association ♦ Mitchell Linden Civic Association ♦ Neponsit Property Owners Association ♦ Newtown Civic Association ♦ North Bellerose Civic Association ♦ North Flushing Civic Association ♦ North Hills Estates Civic Association ♦ Northwest Clearview Homeowners Association ♦ Norwood Civic Association ♦ Oakland Terrace/ Gardens Community Council ♦ Off Broadway Homeowners Association ♦ Our Neighborhood Improvement Association ♦ Parkway Village Historical Society ♦ Queensboro Hill Neighborhood Association ♦ Queens Colony Civic Association ♦ Queens Community Civic Corp. ♦ Queens Village Civic Association ♦ Ramblersville-Hawtree Civic Association ♦ Richmond Hill Historical Society ♦ Ridgewood Property Owners and Civic Association ♦ Rockaway Park Homeowners/ Residents ♦ Rocky Hill Civic Association ♦ Rosedale Civic Association ♦ Royal Ranch Association. ♦ Southeast Queens Concerned Neighbors ♦ South Ozone Park West Civic Association ♦ Springfield/Rosedale Community Action Association ♦ Station Road Civic Assoc. of Auburndale ♦ Sunnyside Gardens/Harrison Place Homeowners ♦ Surrey Estates Civic Association ♦ Union Turnpike Merchants Association ♦ United Forties Civic Association ♦ United Neighbors Civic Association ♦ Waldheim Neighborhood Association ♦ Wayanda Civic Association ♦ West Cunningham Park Civic Association ♦ Westmoreland Association ♦ Woodside Community Council

Appendix A 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%			1994	0%	159%	0%
1981		33%			1995	0%	159%	0%
1982		33%			1996	5%	159%	5%
1983		50%			1997	6.5%	159%	7%
1984		50%			1998	6.5%	159%	7%
1985		60%			1999	4%	159%	4%
1986		60%			2000	4%	159%	4%
1987*	9.9%	60%	9.9		2001	1%	159%	1%
1988	12%	70%	19%		2002	4%	159%	4%
1989	0%	75%	14%		2003	6.5%	159%	6.5%
1990, 1-6	7.8%	88%	24.3		2004	5.5%	159%	5.5%
1990, 7-12	9.00%	112%			2005	5.5%	159%	5.5%

1991	0%	112%	22.9		2006	3%	159%	3.0%
1992	6.4%	136%	18%		2007	9.4%	159%	9.4%
1993	0%	159%	10%		2008	11.5%	159%	11.5%

Proposed FY 2009 11.4% Proposed FY 2010 11.3%