



Legislation Text

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Res. No. 933

Resolution calling upon the City of New York to immediately renegotiate the City's lease with the New York City Water Board for the water supply and wastewater treatment systems, in order to eliminate the rental payment to the City's general budget, a hidden, regressive tax on New Yorkers, and reduce future water rate increases.

By Council Members Gennaro, Weprin, Felder, Fidler, Gentile, Gerson, James, Mark-Viverito, Mealy, Nelson, Palma, Recchia Jr., Sanders Jr., Vacca, Vallone Jr. and Oddo

Whereas, The Department of Environmental Protection supplies water to over eight million people in all five boroughs and an additional one million people in four surrounding counties; and

Whereas, During FY 2007 to date, the water supply system has provided an average of 1,096 million gallons of water per day to the City from three upstate watershed and reservoir systems as well as 4 million gallons per day from a system of wells in Queens; and

Whereas, In 1984, because of New York City's decades long neglect of the water supply and wastewater treatment systems, the New York State legislature created the New York City Municipal Water Finance Authority (the "Authority") and the New York City Water Board (the "Board") to assure that the operation and maintenance of those systems would be adequately funded and protected for the people of New York City; and

Whereas, The Board is exclusively authorized pursuant to section 1045-g(4) of the New York City Municipal Water Finance Authority Act (the "Act"; Public Authorities Law §1045-a through 1045-bb) to establish, in accordance with section 1045-j of the Act, fees, rates, rents or other charges for the use of, or services furnished, rendered or made available by the water and sewer system; and

Whereas, Over the last ten years, the water and sewer rates imposed on New Yorkers have drastically increased by over 50% in order to pay for the operation of the water and wastewater treatment systems and

related projects; and

Whereas, On May 14, 2007, the Board increased water rates for FY 2008 by 11.5%, the largest rate increase since 1992; and

Whereas, The increase in water rates for FY 2008 will raise the average single-family homeowner's annual water and sewer bill by \$72 per year and bring the total to about \$700 per year; and

Whereas, Double-digit annual water rate increases are forecast by the Water Board through at least FY 2011; and

Whereas, Pursuant to a lease between the Authority and the City, a rental payment from the Authority for use of the City's assets is embedded in the water rates and is driven by a formula in the Board's lease with the City which sets the rent amount up to the greater of debt service on the remaining General Obligation (GO) bonds issued by the City before the creation of the Authority or 15% of Authority debt service; and

Whereas, Before FY 2005, rental payments were based on debt service on the remaining General Obligation (GO) bonds issued by the City before the creation of the Authority, whereas since that time, these payments have been based on 15% of Authority debt service; and

Whereas, The rental payments have risen from approximately \$102 million in FY 2003 to \$155 million in FY 2008 and, according to the New York City Office of Management and Budget (OMB), are projected to continue to escalate dramatically in the future, reaching in excess of \$312 million by FY 2015; and

Whereas, After paying the debt service on the remaining City GO bonds issued before the Authority's creation, the "excess" rental payment goes towards the City's General Fund to subsidize the City's budget and, as such, represents a hidden, regressive tax on New Yorkers; and

Whereas, Roughly 46% of the rental payment for FY 2007, totaling over \$62 million, will be "excess rent" and go into the City's General Fund at the end of this current fiscal year, thereby increasing the City's current \$4.4 billion surplus; and

Whereas, OMB predicts that the debt service on the remaining City GO bonds issued before the creation

of the Authority will be paid off by FY 2015, at which time 100% of the rental payment, more than \$312 million, will be “excess rent” and go into the City’s General Fund; and

Whereas, \$312 million is approximately equivalent to a 16% increase in water and sewer rates; and

Whereas, Predictions of continuing double-digit increases in water rates come at a time when average New Yorkers, including homeowners, seniors, small business owners, and others, are finding it increasingly difficult to make financial ends meet; and

Whereas, By immediately renegotiating the lease between the City and the Board to eliminate “excess” rental payments, the more than \$62 million “excess” rental payments going into the City’s General Fund at the end of FY 2007 could, instead, be used to cut this coming year’s water rate increase to 8.5%, or by roughly \$20 for an average single-family homeowner; and

Whereas, Renegotiating the lease between the City and the Board and forgoing “excess” rental payments should also allow future water rate increases to be cut, if not eliminated completely; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the City of New York to immediately renegotiate the City’s lease with the New York City Water Board for the water supply and wastewater treatment systems, in order to eliminate the rental payment to the City’s general budget, a hidden, regressive tax on New Yorkers, and reduce future water rate increases.

CFP
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