



## Legislation Text

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**File #:** Res 0203-2014, **Version:** \*

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### Res. No. 203

Resolution calling upon the New York State Legislature to pass and the Governor to sign, legislation which would prevent the Water Board from making increases to water and sewer rates for the next two ensuing fiscal years.

By Council Members Vacca, Espinal, Vallone, Constantinides, Gentile, King, Rose, Treyger, Koslowitz and Ulrich

Whereas, The City's drinking water supply is a critical resource to over eight million New York City residents, approximately one million residents of Westchester, Putnam, Ulster, and Orange counties, and a multitude of others who work in and visit the City throughout the year; and

Whereas, The water system encompasses both water and sewer systems (hereinafter referred to as the "System"); and

Whereas, The System includes 19 upstate reservoirs providing, on average, 1.5 billion gallons of water daily to over eight million residents of the City and neighboring Westchester County, more than 340 miles of aqueducts and tunnels, approximately 5,800 miles of distribution mains and pipes, and numerous treatment and pumping facilities; and

Whereas, The three entities that ensure the physical and fiscal integrity of the System are the New York City Municipal Water Finance Authority ("Finance Authority"), the New York City Department of Environmental Protection ("DEP"), and the New York City Water Board; and

Whereas, The Finance Authority is a State created public benefit corporation whose purpose is to issue

bonds to fund the capital needs of the System; and

Whereas, DEP is a City-created agency that operates and maintains the water system for the Water Board and bills the System's customers on behalf of the Water Board; and

Whereas, Approximately 95% of DEP's revenue stream is obtained through water and sewer rates incurred by consumers of the City's drinking water supply, while the remaining 5% is tax levied; and

Whereas, The revenue collected by DEP covers the operation, maintenance and other costs associated with the day-to-day workings of the System; and

Whereas, The Water Board is a State created entity that has the power to fix, revise, charge and collect and enforce the payment of all fees, rates, rents and other service charges for services furnished by the System to produce cash sufficient to pay debt service on the Finance Authority's bonds and to place the System on a self-sustaining basis; and

Whereas, The Water Board has covenanted to establish water and sewer rates sufficient to pay debt service on all outstanding Finance Authority bonds; and

Whereas, The proceeds of the Finance Authority's bonds are used exclusively to fund the capital needs of the System; and

Whereas, As debt service costs increase, so must the water rates to cover these costs; and

Whereas, Any significant increase in capital spending over time will increase water and sewer rates to cover these costs for the life of the bonds - generally a period of 30 years; and

Whereas, Since 1996, the Water Board has consistently raised water rates, and in some years, the water and sewer rate increased by double or near double digit percentages; and

Whereas, Because the Water Board sets rates for water and sewer fees charged to all building owners, home owners, and businesses in New York City, these individuals and entities should be protected from excessive rate increases; and

Whereas, On January 9, 2014, the State Legislature introduced legislation, A. 906/S.3599, which would amend the Public Authorities Law to require that all rates, fees, rents or other charges established by the Water Board increase by no more than 5% annually or the current rate of inflation, whichever is greater; and

Whereas, While this bill would protect homeowners, building owners and businesses throughout the City of New York from significant annual increases to their water and sewer rates, more needs to be done; and

Whereas, In Fiscal Years 1989, 1991, and 1993 through 1995, the Water Board adopted rates at the same level as the previous year, i.e., in those fiscal years, customers did not experience increases in their water and sewer rates from the previous fiscal year; and

Whereas, The State Legislature should pass legislation that would require DEP to examine other cost saving measures for the operation and maintenance of the System, and require the Finance Authority to reassess their bond financing to determine whether refinancing bonds at the current low interest rates makes prudent fiscal sense, which would allow water and sewer rates to remain stable and protect homeowners and business owners from annual increases to their water rates; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass and the Governor to sign, legislation which would prevent the Water Board from making increases to water and sewer rates for the next two ensuing fiscal years.

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