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**DEP Presents Fiscal Year 2011 Water Rate Proposal**

Environmental Protection Commissioner Cas Holloway today proposed the Fiscal Year 2011 (FY11) water rate to the New York City Water Board. The Department of Environmental Protection (DEP) is responsible for proposing a water rate that meets the financial obligations necessary to provide water and wastewater services to more than nine million New Yorkers. The 12.9% rate increase proposed for FY11 is less than the 14.3% rate increase that was originally projected last year. The new rate also includes a proposed discount for direct debit subscribers, an increased fee for service terminations, and a new stormwater pilot program for certain stand-alone parking lots.

"Clearly it is hard on customers to pay more, especially during tough economic times," said Commissioner Holloway. "Still, we must continue to fund critical projects that protect our drinking water and effectively treat the 1.3 billion gallons of wastewater that New Yorkers produce every day. New York City's water is safe, healthy and high in quality. Keeping it that way requires substantial investments—many legally mandated—that must be paid for over many years. But increasing water rates is not the only answer. At DEP, we have tightened our belt by cutting 8% out of our operating budget, and we have settled more than \$300 million in labor disputes that will enable us to run our operations even more efficiently. We will continue to build upon these recent measures to reduce the burden on customers moving forward."

The lower-than-projected rate proposal was possible due to a number of factors that, taken together, reduced the forecasted rate increase by 1.4% overall: DEP initiated an 8% across-the-board budget reduction that will save approximately \$80 million per year; water usage in Fiscal Year 2010 declined by approximately 5% causing a revenue shortfall of roughly \$110 million; \$331 million in long-outstanding labor contracts were settled without impacting the rate; and approximately \$181 million of net debt service savings were realized due to favorable interest rates and high bond ratings.

The 12.9% rate increase proposal reflects the amount of

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additional funding that DEP needs to cover debt service and operational expenses. Based on an average consumption of 80,000 gallons per year, the typical single-family subscriber will see an increase from \$723/year to \$816/year for water and sewer bills—an additional \$8/month. An average multi-family unit with metered billing will see an increase from \$470/year/dwelling unit to \$513/year/dwelling unit—an additional \$5/month.

The proposal included three additional components:

- ▶ A 1% discount for customers who sign up for direct debit payments: This one-year introductory program will reduce the average single-family homeowner's rate increase from \$93/year to \$85/year, and the multi-family unit increase from \$61/year to \$56/year.
- ▶ An increased service termination fee: Customers with delinquent accounts who fail to settle their debt and are subject to service termination will now pay \$1,000—up from \$500—to cover a greater share of the \$2,700 that it actually costs to terminate water service.
- ▶ A Stormwater Pilot Program for certain stand-alone parking lots: Homeowners and businesses pay wastewater charges as part of their normal water utility bill. Stand-alone lots produce a significant amount of stormwater runoff which taxes DEP's wastewater collection system during heavy rain, but they do not contribute financially to the system since they do not pay a water bill. The new provision will require the roughly 350 stand-alone parking lots with no water service to pay \$0.05/square foot for wastewater services—an average of \$725/year/lot. A credit will be available for parking lots who demonstrate the ability to capture stormwater and prevent it from entering the wastewater system.

DEP has one of the largest construction programs in the region, supporting roughly 5,000 construction jobs for each of the next four years. This capital program is responsible for critical projects like the City Water Tunnel Number 3, which will provide crucial supply capacity to the five boroughs; the Staten Island Bluebelt program, an ecologically sound and cost-effective stormwater management system; and the installation of more than 800,000 Automated Meter Reading devices, which will allow customers to track their daily water use and more easily manage their accounts.

A significant percentage of the capital program is required by federal mandates. Of the \$19 billion in capital projects since 2003, federal mandates account for 69% of the total cost, or \$13 billion. These projects, like the Croton Water Filtration Plant and the Ultraviolet Disinfection Plant, have added 24% to the water rate since 2002, increasing the average annual cost to a single-family homeowner by \$177/year.

The New York City Water Board has scheduled six public hearings for the upcoming FY2011 water rate proposal: one evening hearing in each of the five boroughs and an additional afternoon hearing in Manhattan. The dates and locations of the hearings can be found by visiting [Water Board Public Hearings](#). Following the six public hearings, the Water Board will formally adopt the FY2011 water rate

on May 21 and the new rate will become effective on July 1, 2010.

DEP manages the City's water supply, providing more than 1 billion gallons of water each day to more than 9 million residents, including 8 million in New York City, and residents of Ulster, Orange, Putnam and Westchester counties. New York City's water is delivered from a watershed that extends more than 125 miles from the City, and comprises 19 reservoirs, and three controlled lakes. Approximately 7,000 miles of water mains, tunnels and aqueducts bring water to homes and businesses throughout the five boroughs, and 7,400 miles of sewer lines take wastewater to 14 in-city treatment plants. DEP also manages storm water throughout the city, and ensures that the City's facilities comply with the Clean Water Act, and other federal, state and local rules and regulations.

▶ [View the water rate proposal presentation \(PDF\)](#)

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