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Home

Customer Services

» Pay Online

» Ways to Pay Your Bill

» eBilling

» Account Information

» Customer Assistance

» Service Line Protection Program

» Water Rates

» Property Managers & Trade Professionals

Water Utilities

» Drinking Water

» Wastewater

» Stormwater

» Harbor Water

» Long Term Control Plan

The Watershed

» Watershed Protection

» Watershed Recreation

Citywide Initiatives

» Regulatory Reform

» Environmental Education

» Conservation Programs

» Air Pollution Control

» Noise Codes & Complaints

Business and Professionals

» Forms & Permits

» Support for Businesses

» Doing Business with DEP

» Asbestos Abatement

» Construction, Demolition & Abatement

About DEP

» Inside DEP

» News

DEP Featured In...

Stories from DEP

Press Releases

FOR IMMEDIATE RELEASE 15-19
March 27, 2015

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Department of Environmental Protection Proposes Lowest Water Rate Increase in 10 Years

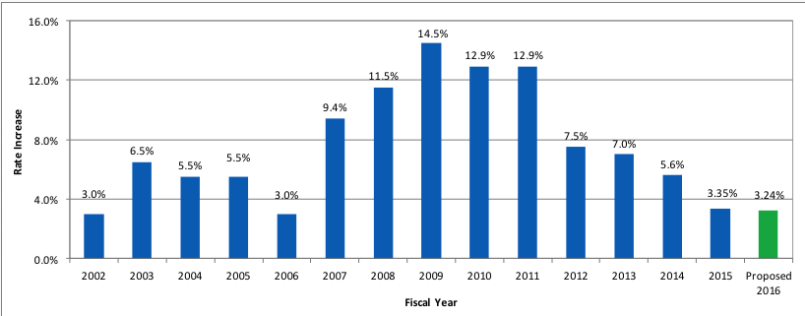
3.24% proposed change is 34% lower than the anticipated increase

Minimum charge to be frozen for the second consecutive year and will remain flat at \$1.27 per day

Roughly 25 percent of all single-family homeowners, many of them seniors, will see no rate increase

The New York City Department of Environmental Protection today proposed a 3.24% increase in the Fiscal Year 2016 (FY16) water rate to the New York City Water Board. The proposal for FY16 represents the lowest increase in 10 years and is 34% lower than the published projection of 4.9% anticipated for this spring. The significant reduction was achieved through internal cost savings and underspending, interest rate savings, and by redirecting part of the rental payment. The proposal also recommends freezing the minimum charge for the second consecutive year for more than 150,000 customers who use fewer than 100 gallons per day, which a quarter of all single-family homeowners do, many of them seniors. Their charge for minimum consumption will be held constant at \$1.27 per day.

“By implementing effective cost controls, refinancing higher interest debt, and reducing the rental payment, we are able to deliver the lowest rate increase in a decade, and the 25 percent of single family homeowners who use the least water will not receive any increase at all,” said **DEP Commissioner Lloyd**. “In addition, we have put together a package of initiatives to provide relief to nearly 50,000 additional low-income, senior, and disabled customers.”



What the Proposed Rate Would Mean for an Average Customer

If the 3.24% water rate increase is adopted by the Board:

- A typical single-family homeowner will see an increase from \$1,025/year to

More Information

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Public Affairs

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Public Notices

Testimony & Public Comments

» Capital Projects

» Careers at DEP

» Environmental Reviews

» Interagency MOUs

» A to Z Index

» Contact Us

- \$1,058/year for water and sewer bills—less than \$3/month (based on an average consumption of 80,000 gallons of water per year).
- A typical multi-family unit with metered billing will see an increase from \$666/year/unit to \$689/year/unit—less than \$2/month (based on an average consumption of 52,000 gallons of water per year).

Additional Rate Proposals

DEP is proposing a number of progressive changes to the water and wastewater rate schedule for FY16.

- **Freezing the minimum charge.** Customers who use less than approximately 100 gallons per day are billed at the minimum water charge of \$1.27 per day, including wastewater charges. DEP proposes to freeze the minimum charge for the second consecutive year at the FY14 rate, benefitting ratepayers by \$2.2 million.
- **Expansion of low-income assistance program.** The Home Water Assistance Program (HWAP) provides a \$116 credit annually to 12,500 low-income homeowners who qualify for the federal Home Energy Assistance Program (HEAP). DEP proposes to expand this program to include an additional 46,500 low-income senior and disabled homeowners who receive DOF property tax exemptions, benefitting a total of 59,000 low-income customers.
- **Credit for enrolling in Monthly eBilling.** DEP will offer all customers the option to be billed on a monthly basis. DEP proposes that customers who sign up for eBilling and monthly billing will receive a one-time \$10 credit after delivery of their third consecutive monthly eBill.
- **Credit for Lead and Copper Monitoring Program.** To increase participation in the lead and copper monitoring program, DEP proposes to raise the credit for successful completion of a lead and copper monitoring test to \$100.

Rates Are Lower than Previously Projected Because

The Rental Payment is being returned to the water and sewer system.

- The City will return 20% (\$41 million) of the Fiscal Year 2015 (FY15) Rental Payment to the water and sewer system.

DEP has taken aggressive measures to improve cash flows.

- While DEP has had to budget for increases in uncontrollable costs, such as upstate real estate taxes and chemicals costs, as well as for personnel costs, more than 110 initiatives across procurement, water and wastewater treatment, and metering have been implemented through March 2015 and are projected to have an annual recurring cash benefit of \$98 million per year.

Revenue collections are higher than planned.

- Strong collections are due, in large part, to DEP’s substantial completion of the installation of the wireless meter reading system. (Over 820,000 automated meter reading (AMR) devices have been installed on 97% of properties citywide.) This has resulted in an 82% reduction in estimated bills since 2009 and a 56% reduction in billing disputes since 2011, which have been accompanied by improved revenue collection.
- Positive FY14 financial results, including a one-time payment from Exxon Mobil, yielded \$291 million of additional carried-forward revenue for FY15.

Debt service savings have been achieved in the low interest rate environment.

- Actual debt service payments are \$195 million lower than projected for FY15 due to continued low interest rates.
- Since 2011 the Water Finance Authority has taken advantage of lower rates in

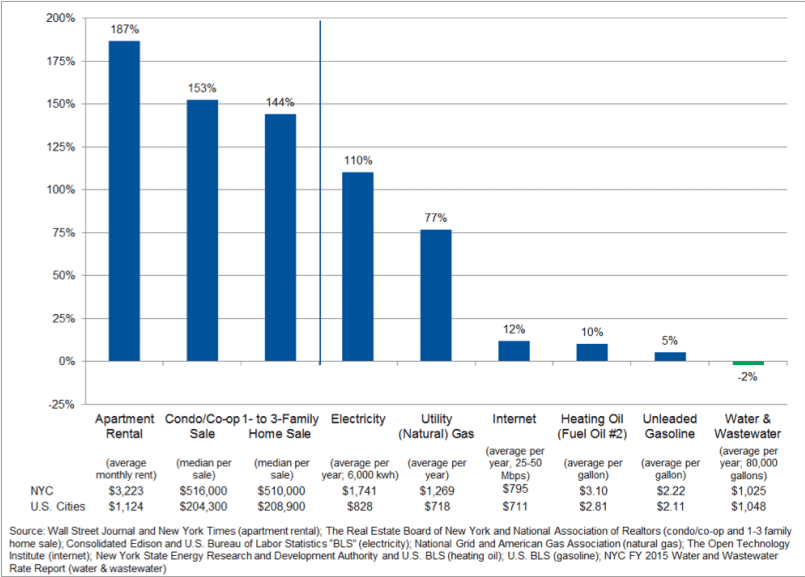
the financial markets to refinance and buy back \$9.5 billion of higher-cost debt, achieving more than \$3.8 billion of debt service savings.

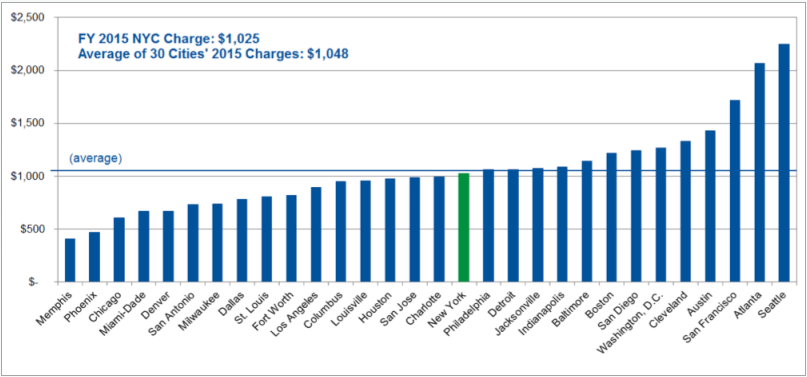
Regulatory and policy advances have enabled DEP to moderate its capital budget.

- Over the past ten years, 59% of DEP’s capital spending has been for projects mandated by federal and state regulators. In many cases, these were necessary investments for the long-term protection of the City’s water supply. However, being required to build them all at once during a heated construction market drove up capital program costs. The debt service associated with these unfunded mandates, like the \$5 billion upgrade of the Newtown Creek Wastewater Treatment Plant, the \$3.2 billion Croton Water Filtration Plant, and the \$1.6 billion Ultraviolet Disinfection Facility, cost the average homeowner \$264 this year on their water bill.
- DEP has been successfully working with regulators to reduce future mandates, and in the next 10-year Capital Improvement Plan, the percentage of mandated projects is 23%.
 - DEP eliminated or deferred a \$3.4 billion mandate for handling combined sewer overflows by replacing costly gray infrastructure projects with green infrastructure projects in an amended consent order with the New York State Department of Environmental Conservation (DEC), and DEP has been implementing Green Infrastructure solutions citywide, installing more than 364 assets to date. DEP is also implementing Green Infrastructure stormwater controls through both a \$36 million commitment to the Community Parks Initiative and a partnership with the Trust for Public Land involving the redevelopment of 40 school playgrounds.
 - Under an administrative consent order with DEC, DEP is developing long-term control plans (LTCPs) for combined sewer overflows (CSOs) in ten waterbodies, as well as a citywide plan for the East River and open waters. \$1.3 billion is set aside in the capital budget to fund the LTCPs
- DEP has also been at the forefront of developing policies related to sustainability. DEP is implementing a system-wide Water Demand Management Plan to reduce consumption by 5% by 2021. This plan includes offering vouchers for toilet replacements, reducing water use in City parks by installing activation buttons on spray showers on over 400 playgrounds, and replacing bathroom fixtures in City schools.

NYC water rates Are Below the average of large U.S. cities

While other costs in NYC are higher for residents, NYC water rates are below average.





Rate Hearings

The Water Board is responsible for establishing the rate following the proposal and subsequent public hearings. The New York City Water Board has scheduled five public hearings for the upcoming FY16 water rate proposal:

Staten Island

Monday, April 27 at 7:30 p.m.
Joan and Alan Bernikow JCC
1466 Manor Road

Brooklyn

Tuesday, April 28 at 7:00 p.m.
St. Francis College, Founders Hall
180 Remsen Street

Bronx

Wednesday, April 29 at 7:00 p.m.
Hostos Community College, Savoy Building, 2nd Floor
120 East 149th Street

Queens

Thursday, April 30 at 7:00 p.m.
LaGuardia Community College, Conference Room E-242
45-50 Van Dam Street

Manhattan

Friday, May 1 at 1:30 p.m.
NYC Department of City Planning, Spector Hall
22 Reade Street

Information on the hearings can also be found by visiting nyc.gov/nycwaterboard. Following the five public hearings, the Water Board will formally adopt FY16 rates on May 8, 2015, and the new rates will become effective on July 1, 2015.

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