



New York City water rates are through the roof! Rate increases, discontinuance of flat rate billing

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Each year the New York City Water Board approves their annual rate schedule which, among other provisions, sets the new rates for water and sewer service. Over the past two years city residents have seen unprecedented rate increases. On July 1, 2006 (fiscal year 2007) the water and sewer rate was increased by 9.4% and then again on July 1, 2007 the rate was increased another 11.5%. Prior to July 1, 2006, residents were paying \$4.27 per hundred cubic feet (HCF) of water-about 750 gallons. Now, starting on July 1, 2007, residents are paying \$5.23 for the same amount of water. However, the increases do not stop there. At the rate hearings held by the Water Board prior to passing the July 1, 2007 rate schedule, they issued projections for future rate increases. The projected increase for the next three years, i.e., July 1, 2008, 2009 and 2010, are 11.5%, 11.4% and 11.3% respectively. The compounded effect of the five rate increases from July 1, 2006 to July 1, 2010, will be a near 70% increase in water and sewer rates.

Further, due to a shortfall in projected revenue by the Water Board, an additional mid-fiscal year rate increase might be coming for January 1, 2008. Talk of this increase indicates that the hike might be as high as 18%. These rate increases and projections even prompted a New York Post article on October 2, 2007, entitled, "Good Gu\$h! Apple eyes big H2O hike."

To further compound the problem for multifamily residential property owners, the Water Board has announced that it will really be ending their flat rate frontage billing program as of July 1, 2009. The Water Board has been threatening to end the frontage program for over a decade, but every year it is extended. As of July 1, 2000, every building on the frontage program was required to have a water meter installed even though it was allowed to remain on the flat rate program.

Switching off of flat rate billing is not always a bad thing. In fact, our company has helped a large number of buildings switch to meter (consumption) based billing. These buildings have seen their water costs fall anywhere from 5% to 50%. However, the decision to switch to metered billing should not be taken lightly. Once a building is switched off of frontage based billing they cannot go back. A careful analysis of water usage should be undertaken before an election to be billed on metered billing is made.

In fact, many times we are retained by building owners that elected to switch from frontage to meter based billing only to find out their water and sewer costs have now skyrocketed due to unexpected large water usage at such building. Obviously, the first step is to check the entire building for leak and waste. This will often lower the usage at such a building significantly. However, there are many times when the usage is still very high. To address this situation the Water Board created a new program called the Multi-Family Conservation Program (MCP).

There are many requirements that must be met in order for a building to qualify for MCP. First, the building must be substantially free of leaks. This will be independently confirmed by a city contractor.

The building cannot be in arrears and must be in compliance with the certificate of occupancy. Any commercial stores at the building must be separately metered in compliance with Water Board rules. Finally, the building must comply with the Water Board's water efficiency requirements, which includes, among other provisions, that the building must have at least 70% of all toilets, shower heads and faucets meet current low-flow standards.

There is good news for those properties that do not yet have low-flow water fixtures. The Water Board is bringing back their Toilet Replacement Program (TRP). The city offered the TRP from 1995 to 1997 with great success, replacing millions of old toilets. The current program, whose details have not been formally announced, will be a modified version of the original program and rumor has it will be offered first to those owners wishing to apply for the MCP.

In short, there are a great many details and requirements to be met in ensuring that your building is taking advantage of the most beneficial water and sewer rates and programs. This same principal holds true for other utilities as well, including gas, electric, steam and various NYC Department of Finance charges. Our firm, Metropolitan Refunds, is a leader in the greater New York City area in assisting property owners and managers in navigating the seas of utility cost savings. Please see our ad on this page for contact information.

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