



BOMA/NY offers constructive alternatives to water rate increase

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Once again, the New York City water board has proposed hikes in the water rates billed to commercial buildings and once again, your Codes & Regulations/Government Affairs Committee headed to City Hall to testify before the city council and offer constructive alternatives to the increase.

The current proposal calls for a 14% increase, which comes directly on the heels of last year's 14.5% increase. It is being called for, in part, to upgrade the city's aging infrastructure, which is more than 100 years old, in the case of some key water mains. The upgrades are necessary, and supported by BOMA/NY in practice and principal - our opposition to the rate increase stems from using such funds for financing capital projects when federal stimulus package funds are available.

Equally problematic, any increase in water rates will result in higher pass-through escalation costs to tenants, which will be both burdensome and counter-productive. When coupled with continued labor cost increases, it will weaken New York's competitiveness in an already weak economy, and raises the risk of losing members of our tax base to less costly marketplaces in the suburbs or across the river to New Jersey.

Speaking in late April on behalf of BOMA/NY's 850 member companies, committee vice-chair Jessica Handy of Newmark Knight Frank and property manager of a 600,000 s/f Midtown property, offered the following recommendations as an alternative to a punitive pass through.

"We need to be in a position where we are not relying on operating expenses to compensate for lost tax dollars....BOMA/NY strongly urges Mayor Bloomberg and speaker Christine Quinn to address this issue with a more creative and cost-effective approach - for example, using the appropriation fund from the recent federal stimulus bill. Under that bill the New York State Revolving Fund will receive approximately \$432 million for clean water projects and \$82 million for drinking water projects. However, only half that money is currently slated to be distributed in the form of direct grants or similar deep subsidies," said Handy while testifying.

She concluded with offering to form a task force of BOMA/NY professionals to work in partnership with the DEP to explore other alternatives to increased rates.

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