



May 1, 2015

New York City Water Board
59-17 Junction Boulevard, 8th Floor
Flushing, New York 11373

RE: Public Comments from Stormwater Infrastructure Matters (S.W.I.M.) Coalition to NYC Water Board Concerning Proposed 2015 Water and Wastewater Rates

To Whom It May Concern:

The Stormwater Infrastructure Matters (S.W.I.M.) Coalition is a coalition of 70 member organizations dedicated to ensuring swimmable, fishable waters around New York City through natural, sustainable storm water management practices (such as green infrastructure) in our neighborhoods.

We urge the Water Board to address two critical issues concerning the overall water and sewer rate structure. Specifically, by reforming the rate structure to create a separate stormwater fee (based upon impervious area, with credits available for green infrastructure retrofits that reduce runoff) and establishing tiered rates for drinking water, which will:

- (i) More equitably allocate the capital and operations costs of the system among ratepayers
- (ii) Reduce overall system costs by reducing water demand (and the accompanying production costs) and reduce the flow of both stormwater and sewage into the wastewater system (thereby reducing capital and operating costs), which will help mitigate upward pressure on rates for everyone
- (iii) Improve water quality and mitigate flooding by reducing sewer overflows and polluted runoff
- (iv) Provide a wide range of co-benefits from literally “greening” our neighborhoods with green infrastructure that relies on soils and vegetation to absorb runoff.

The Mayor’s recently-released OneNYC report called for DEP to “develop rates that support policy goals, ... invest in the technology to support innovative fee structures ... [and] evaluate its financial framework to ensure we have a sustainable financial model,” in the face of the rising costs of “safeguarding drinking water quality and managing storm water” and ensuring “equity” in the allocation of those costs to ratepayers. We urge the Water Board to heed the Mayor’s call.

Specifically, as a condition of its approval of FY16 water rates, to direct DEP to return to the Board within a year with a fully fleshed-out feasibility study and implementation plan – developed with substantial input from key stakeholders and the general public -- for making these two changes to the rate structure, on which the Board can act in the next rate-setting cycle. Our specific proposals are detailed below.



Stormwater Fees

Currently, wastewater and storm water are charged as a single fee, which is calculated at 159% of the metered water charge. While this formula makes sense for wastewater, it does not accurately address stormwater runoff on a customer's property.

Properties with large impervious surfaces have a greater impact on the City's stormwater management expense than those with less impervious space, or those that manage runoff from their impervious space on-site. For instance, a large non-residential property may use very little potable water but have a large amount of impervious surface, and therefore contribute a significant amount of stormwater runoff.

Conversely, multifamily residential properties use more water than such a non-residential property, but contribute much less runoff to the city sewer system because of its smaller impervious footprint. This inequitable pricing scheme puts an unfair burden on many ratepayers – including affordable housing residents – and fails to create incentives for sustainable stormwater management.

Stormwater Infrastructure Matters urges the Water Board to separate storm water charges from potable water usage to create a more equitable rate structure, incentivize green infrastructure on private property, and generate a dedicated revenue source for storm water management.

Approximately 2,000 municipalities around the country, both large and small, now have a separate storm water fee. There are many models that the City could draw from in order to implement a rate restructuring effort. In 2009, at the instruction of the Water Board, DEP conducted a study of rate restructuring and instituted a pilot stormwater management charge for stand-alone parking lots. But no further restructuring has been proposed.

We recommend that the Water Board direct DEP to expand its 2009 rate restructuring study to garner existing data from other cities, study the implications, and develop a specific plan and timetable for implementing a separate storm water fee. The Water Board should direct DEP to complete this plan by next year's (FY 17) rate-setting cycle, and to present its proposal at that time for Water Board review and approval. In conducting the study and developing its recommendations, DEP must include a robust public participation process, in order to create a plan that has buy-in from all affected stakeholders.

Tiered Water Rates

DEP has consistently acknowledged the importance of demand-side management – i.e., water conservation. While DEP has recently taken some steps to enhance incentives for water conservation, the Water Board has the authority, through the rate setting process, to create even more powerful incentives.

The same 2009 rate study referenced above also began an investigation of "tiered rates," whereby larger water users are charged a higher per-gallon rate for water and sewer service. The Water Board should require that the new study we propose above also address this issue in-depth, and develop recommendations and a proposed implementation plan for the Board to consider in the FY17 rate-setting cycle. Like a separate stormwater fee, a tiered rate scheme, if properly designed, can



allocate burdens more fairly among ratepayers, while also incentivizing more sustainable water resource management. Like stormwater fees, this is also a widely used practice around the country, and has a proven track record of reducing water use. New York City can learn from these experiences and adapt them to the City's specific circumstances, to ensure that tiered rates achieve both equity and environmental objectives.

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Thank you for the opportunity to comment on the NYC Water Board Proposed 2015 Water and Wastewater Rates. Please see a summary of our rate restructuring recommendations in the attached document.

Sincerely,

A handwritten signature in black ink that reads "Julie A. Welch".

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On behalf of the S.W.I.M Coalition Steering Committee:

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