

Water Costs and Conservation: What you can do to slow your rising water costs

A presentation by Jim Buckley, Director of the University Neighborhood Housing Program and Peter Bourbeau of PWB Management for the Managing Lean and Green workshop series sponsored by Pratt Center for Community Development, Association for Neighborhood and Housing Development and the Supportive Housing Network of New York on 12/3/08.

University Neighborhood Housing Program (UNHP) began as a loan fund and technical assistance organization for affordable housing in the North West Bronx. After closing on one of their early projects, a small HDFC which purchased their building with a delicate balance in the projection of income and expenses, the city changed its water billing to meters from frontage. Water costs far exceeding projections quickly upset the balance of the budget and UNHP began a many year investigation into the city's water billing and structure.

NYC is in the process of re-setting water bill structure so this is an excellent time for nonprofits to take note and weigh in.

Background

The NYC Department of Environmental Protection (DEP) oversees the operation, maintenance and protection of the City's drinking water and wastewater collection (sewer) systems. In 1984, Mayor Koch created the City Water Board and Municipal Water Finance Authority. The Water Board is required to set rates to cover the debts from bonds that are issued by the Water Finance Authority to cover capital projects and the operating costs of delivering water. As debt service has been paid, water collections more than cover the debt and are being funneled into the general city budget. Water fees are regressive; low-income buildings generally pay most for water and are effectively subsidizing the city through water and sewer payments. The Water Board is effectively controlled by the Mayor, with seven Mayoral appointees.

Five years ago, a 30-unit building paid \$14,000 for water;
In 2008, that building will pay \$21,000.

At the time the Water Board was created, water costs were negligible. However, beginning in the 1990s and accelerating during this decade, water rates have dramatically increased in the range of 11-12% per year. Buckley predicts a 14.5% increase for spring 2008. The Community Preservation Corporation (CPC), a nonprofit consortium of banks that lends in low-income communities, currently estimates water expenses at 10% of building costs, a dramatic increase from the 1980s when water represented only about 3% of building expenses. Buckley sees that increasing to 14-15% of operating budgets for multifamily and small homes. Increasing the urgency for homeowners, the city recently implemented a turn-off policy for nonpayment. Buckley reports that there have been three turn-offs so far.

Since 1987, buildings have been converted from frontage billing (based on the width, height and number of rooms in a building) to metered billing (based on actual use). The deadline for finalizing the switch has been extended numerous times.

What you can do to reduce building costs

The most direct ways to reduce water bills is to **reduce use and waste**. If you have not already installed low-flow shower-heads and toilets and installed aerators on faucets (see Padian workshop notes for recommendations)

DEP Estimates of Water Use	
Toilets	28%
Washing machines	21%
Showers	17%
Faucet	15%
Leaks	14%
Other	5%

than this is a critical first step. This will save in both water and energy use for hot water leaks. In addition, it is essential to monitor use and waste. DEP estimates that 14% of water wasted through leaks.

Buckley and Bourbos recommend the following best practices for housing managers:

- Check your meter regularly to monitor water use.
- Act on the findings; if water increases dramatically, find out why and correct the problem.
- Check the meter in the middle of the night to determine the extent of water leaks.
- Ask tenants to report running toilets and dripping faucets immediately.
- Provide cash incentives to supers to track down leaks and reduce water use.
- Learn about DEP's programs to reduce your costs. For example, a bill cap on high consumption due to density of occupancy, a leak forgiveness program.
- Call for a water survey in your residential building: WHAT NUMBER?

In addition, be involved with UNHP's advocacy efforts to **rationalize water policies and billing to reverse the existing regressive structure**. Some key issues:

- Regressive water rates: While NYC is on the low end of the spectrum nationally for the cost per capita of water, low income people are at the highest end of the spectrum. This is, in part, because low-income residential customers use more water due to density and life styles dictated by budget, e.g. more meals at home, less time in vacation houses, less showers at the gym. Sewage represents 159% of the water bill; therefore, because commercial customers use less water, they pay less for sewage. But their large buildings and the infrastructure to support them causes, in large part, the need for the CSOs which is needed to deal with water run-off.
- Insufficient control of capital costs: The capital/infrastructure for water determines water rates. Given this structure the more we conserve, the higher the rate has to be because the rate covers the debt on capital projects. In the city's ten-year plan, \$23 billion is for water capital projects. Residential customers pay for these projects, including, including, combined sewage overflow systems (CSOs). Some question the ability of the city to oversee and control costs of the capital projects. For example, Van Cortland Park Water Filtration plant had an estimated cost of \$600 million. That project now is costing \$3 billion.
- Inadequate benefits for people who employ sustainable technology: there are insufficient incentives to encourage green roofs and water reclamation, particularly for nonprofits that do not benefit from the new NYC real property tax benefit for installing green roofs.

For more detailed information about these issues, see UNHP's report at:

<http://www.unhp.org/pdf/WaterReform.pdf>