

# NY Still Needs To Solve The Congestion Problem

By Assemblymember Rory Lancman

**W**ith congestion pricing dead and buried all New Yorkers should come together to solve our city's congestion and mass transit funding dilemma. In fact, there are already several practical and effective solutions that do not regressively tax working New Yorkers or small businesses that have already been proposed.

Some alternatives would reduce congestion. Some would generate revenue for mass transit. And, some would do both.

Last summer I introduced my "carrots-not-sticks" legislation, which would alleviate congestion by providing tax incentives and state funding to encourage telecommuting,

car pooling, non-rush hour deliveries and expanded outer borough express bus service. Councilmember Lew Fidler from Brooklyn proposed a slight increase in payroll taxes within the region served by the Metropolitan Transportation Authority (MTA) to fund the organization.

Assemblymember Richard Brodsky proposed charging taxis a surcharge for Manhattan trips, in order to both raise revenue and discourage the single greatest source of Manhattan congestion, intra-borough taxi trips. And, there are many, many other great ideas.

These alternatives go directly to the root of the problem, while the mayor's plan at best would have merely shifted the congestion problem to neighborhoods outside the

congestion-pricing zone. Raising revenue off the backs of outer borough commuters and businesses while not preparing real mass transit alternatives to allow people to get out of their cars is unacceptable. This is all the more so when one considers the MTA's poor history of delivering on its promises.

I salute the mayor for putting the issue of congestion reduction and the MTA's long-term funding needs front and center in the public debate.

Congestion pricing was the wrong approach, but the mayor has a partner in the legislature if he wants to still pursue strategies for reducing congestion and raising revenue for mass transit.

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# Flush The Water Rate Hike

By William C. Thompson, Jr.

**A**t a time when all New Yorkers are feeling the pinch of rising food, energy and shelter costs, we'll have to dig even deeper into our pockets to pay for the final component in our quartet of essential needs: water.

After experiencing an 11.5 percent rate increase last July, on April 11, 2008 the city's Water Authority proposed an even steeper rate hike of 14.5 percent.

What makes the water system so thirsty for our dollars?

For starters, the system's expenses are dominated by the cost of servicing nearly \$20 billion in outstanding debt to maintain and upgrade the city's vast network of water and sewer infrastructure.

Much of this investment is mandatory because the water system must comply with state and federal standards for water purity. The Water Authority will issue another \$8.51 billion in debt between Fiscal Years 2008 and 2011, according to its capital plan, and no matter how much or how little water we consume, water rates collected must cover the costs of servicing this debt.

Little-known by most water and sewer ratepayers is the fact that collections also cover a rental payment from the Water Board to the city.

In 1985, the city established separate entities to manage the water system's finances – the Water Authority to issue debt and the Water Board to set and collect the rates. The Water Board leases the water and sewer infrastructure from the city.

The Board's rental payments to the city are based on a formula that, until recently, simply reimbursed the city for water-related debt service on bonds issued before the Water Authority was created. However, because of the way the formula works, since 2005 those rental payments have exceeded the amount needed to pay down this old debt.

This "excess rent" will total \$77 million in Fiscal Year 2008 and grow to more than \$175 million by Fiscal Year 2011. This money flows into the city's General Fund, to be used as any other general revenue. Covenants to bondholders require that the Board set rates at a level high enough to collect this extra revenue. Therefore, water rates cannot responsibly be reduced by the amount of the excess

rent.

I have proposed instead to rebate the excess rent back to the Water Board and use it to offset the cost of running the water system. The excess rent should be split equally for two purposes:

Half would be dedicated to pay-as-you-go capital, which, by preventing a greater accumulation of debt, would reduce costs over the long term. The other half would be earmarked for other water system expenses, which would reduce the need for rate increases.

Using the excess rent in this way would save ratepayers approximately \$276 million during Fiscal Years 2009 to 2012 while protecting our bondholders.

Excess rent from the current fiscal year should be applied to the water system's expenses next year. Doing so would keep water rates from rising as rapidly as the Water Authority proposes.

As Mayor Bloomberg prepares his Budget and Financial Plan for Fiscal Year 2009, he should eliminate backdoor taxation and agree to return these dollars to the water and sewer system where they belong.

At a time of belt-tightening, New York City consumers would reap savings



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through lower water rate increases, and you can bet they would also appreciate more prudent and transparent use of their taxpayer dollars.

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