

Donna Conkling

From: Brice Kirkendall-Rodríguez <bricek@yahoo.com>
Sent: Tuesday, April 17, 2018 11:37 AM
To: Steve Pappalardo
Cc: Robert Cole; Mary Lou McClure; Stephen Johnson; Josh Ringel; Carl Finger; Dan Hochvert; Jane Veron; Justin Arest; Lena Crandall; Matthew Callaghan; Seth Ross; Donna Conkling
Subject: Re: New rates provide discount for excess water consumption

Hi Steve,

First, a word of gratitude to you and your staff for prompt fulfillment of my FOIL request for residential water consumption data. My intent is to model possible multi-tier pricing solutions that will continue to encourage conservation while also being fair to all residents. This project is on-going. However, to satisfy my curiosity I decided to examine the effects of the proposed 2018 water rate changes. What I found was disturbing.

The net effect of the increased base rate and reduced excess rate raises an additional \$105,592.65 for water-related capital projects from residential water consumers based on consumption amounts for the last four billing periods. However, the amount of the excess rate reduction alone is \$127,080.00. Thus the amount of money awarded to excess water consumers because of the rate reduction is actually GREATER than the amount we are collecting to fund important capital projects. While it is true that excess water users also participate in the base rate increase, as I have already pointed out and documented visually in graphs, this approach has created a regressive adjustment to water charges. I have now determined based on residential consumption for the last four billing periods that 631 households that consume the most water will see a reduction in their water bills for the same amount of water consumption while 4,792 households will *subsidize* this rate reduction with an increase to their own bills. (107 households break even.)

I have determined that there is a much simpler way to raise the \$105,592.65 needed to fund water projects. Keep the excess rate where it was in 2017 (9.975 per unit) and raise the base unit rate by only 5.57% to \$3.01 per unit. The additional 6.71% of increase to the base rate is purely a subsidy for the excess rate decrease and seems unwarranted if we need additional funding for water projects. This is a case where ALL residents should share the cost.

At the last Board of Trustees meeting, Trustee Finger suggested that we could "fix" the rate problem I identified next year. However, given the obvious subsidy effect that has been unearthed by combining rate and consumption data, I would urge the Board of Trustees to fix this issue now before it is voted upon and approved for 2018.

Best regards,

Brice

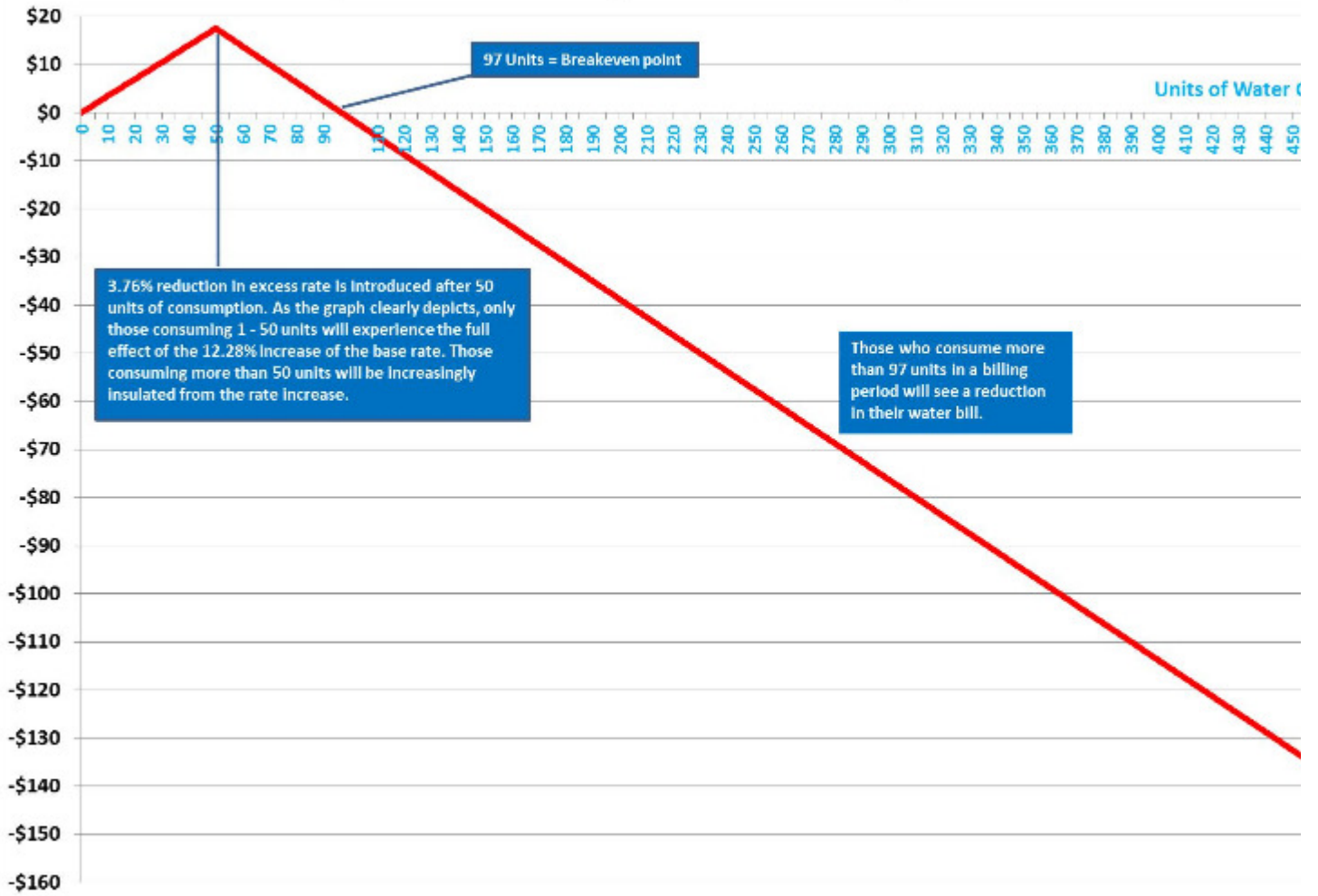
Brice Kirkendall-Rodriguez bricek@yahoo.com

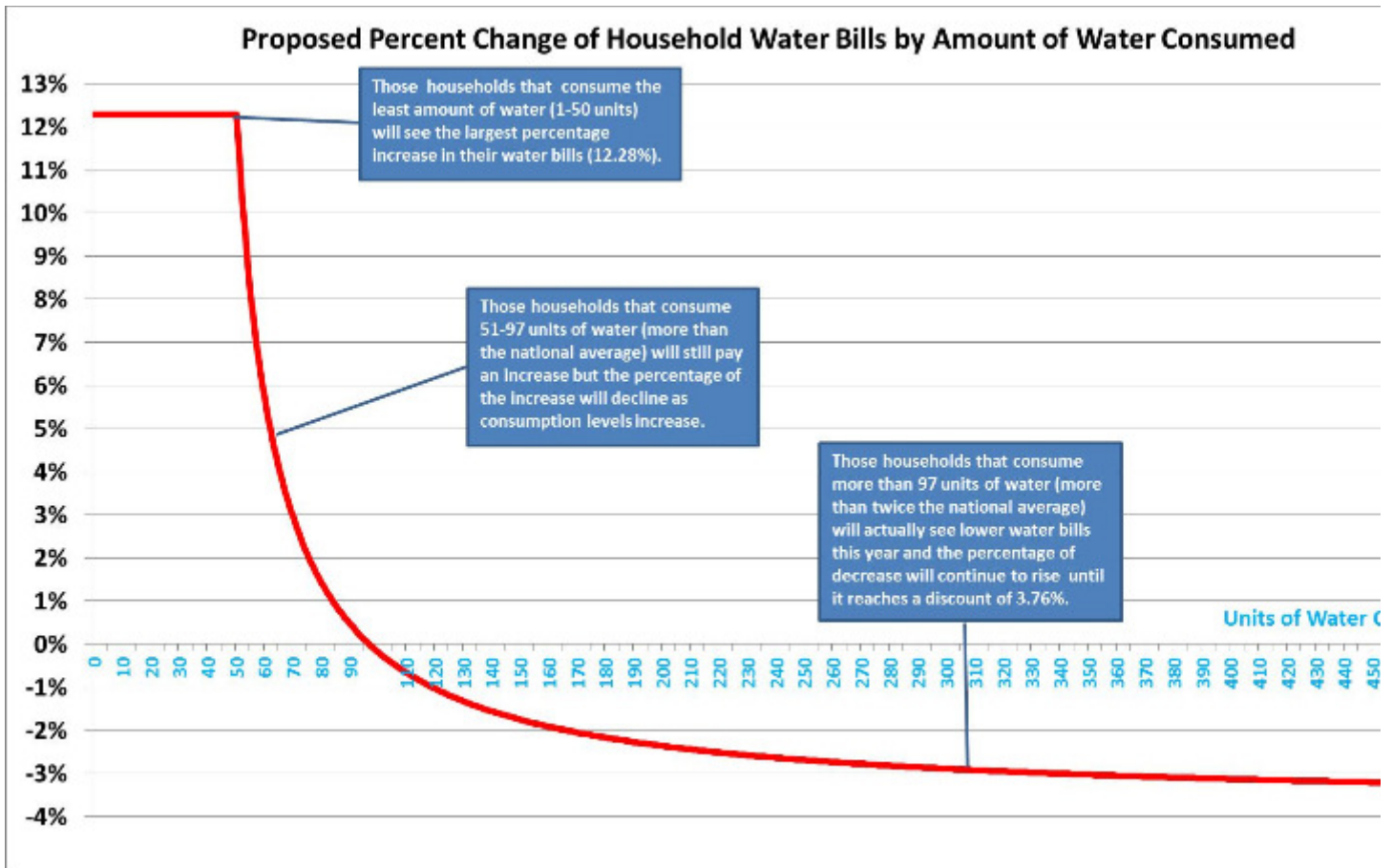
From: Brice Kirkendall-Rodríguez <bricek@yahoo.com>
To: Steve Pappalardo <spappalardo@scarsdale.com>
Cc: Robert Cole <rcole@scarsdale.com>; Mary Lou McClure <mmclure@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Dan Hochvert <danghochvert@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Justin Arest <justinarest.scarsdaletrustee@gmail.com>; Lena Crandall <lenacrandall.scarsdaletrustee@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>
Sent: Monday, April 16, 2018 3:52 PM
Subject: Re: New rates provide discount for excess water consumption

Hi Steve,

May I first thank you for confirming that my understanding and public statements are accurate with respect to our water rates and the wholesale rates we pay. The table in your reply below offers good context though I might point out that the "Scarsdale Trailing Multiplier" was still 3.5 as recently as 2017. 2018 is the first year where the Village has proposed to reduce the trailing multiplier. (You may want to correct your chart to reflect this difference.) While the multiplier itself seems small, even fractional adjustments can have a profound effect. I'm not sure if anyone initially realized the mathematical effects of this change. I have attached two graphs so that you and other readers on this thread can visualize the actual impact of this apparently small change on the actual percentages and dollar effects of the rate change. (See below or attached.)

Effect of Proposed Water Rate Change on Household Bills by Amount of Water Consumed





In the village's letter to residents, it states "The above increases are necessary to perform capital improvements to critical water infrastructure...". However, anyone who takes the time to multiply the old and new base rates by their corresponding "Scarsdale Trailing Multipliers" will immediately realize that excess water consumers are actually NOT participating in the increase to fund capital improvements. If you doubt this, please look at my graphs again.

You mention in your e-mail below that it has been a standing policy for the Village Board to roughly mirror the proportional difference between the wholesale base rate and the wholesale excess rate. However, as I pointed out during my remarks at the last BOT meeting, this policy is counter to the policy intent of the NYC Water Board's rate increases. NYC law prohibits the water board from charging an excess rate that is higher than the rate charged to NYC water consumers presumably to defend communities like Scarsdale from subsidizing local NYC consumption. However, this has created the opposite effect where NYC is regularly subsidizing our water use. Since the NYC water board can't raise the wholesale excess rate without increasing local NYC meter rates by the identical amount it has opted instead to implement significant increases to the base wholesale rate. The whole point if this is to make the total cost of water much more expensive to the suburban communities that are consuming an ever greater share of the total resource.

Since the Village is under no legal obligation to maintain these proportions, the old policy should be abandoned. Continuing to apply a "Scarsdale Trailing Multiplier" simply for the sake of tradition is on a collision course with grade school math. Taken to its natural conclusion, the City will eventually be forced to charge us for all units of water at the rate they charge their own local consumers without any wholesale discount at all. If we were to persist in continuing this trailing multiplier tradition then the multiplier will eventually equal 1.0.

Here are my concerns about the rates as proposed:

- 1) The change from 2017 to 2018 is regressive. Low volume users pay an increase that is six times the state cap for property taxes and the most excessive consumers of water will pay almost 4% less than last year.
- 2) The water rate change letter is a message of shared sacrifice when in fact only those who consume less than 97 units in a billing period are participating in the sacrifice. The cost of infrastructure repairs should be shared by all residents regardless of the amount of their water consumption.

3) My initial research indicates that Scarsdale may actually be the most excessive per-household consumer of water in the entire system. While this will go largely unnoticed by the NY metro public as long as our reservoirs remain near capacity, we risk aggressive retaliation in the next drought. No one outside Scarsdale will have much sympathy for us and rationed water will affect all of us including those of us who have been conservative users of water all along. As a community we need to put our house in order and demonstrate that we really deserve the sustainability image we aspire to cultivate.

To reiterate my proposed solutions:

1) Keep the \$9.975 excess rate of last year. This will mean that all consumers of water at 50 units or more will only pay \$17.50 more per billing period than they did last year. If you like to describe this in terms of a multiplier, I am suggesting 3.117. This is still far below the 3.5 multiplier of the past.

2) As we restore our capital reserves, abandon the two tier pricing system. We should consider at least three tiers and the top excess rate should not kick in until a much higher level of consumption. Careful thought will be needed to be sure the introduction of a lower intermediate rate doesn't create its own conservation disincentive so I am not prepared to propose the exact rates or consumption thresholds now without further study of consumption patterns.

3) Expand our guidance and approaches for water conservation to be sure that all types of water consumption have avenues for conservation. For example Lucas Meyer has a pool cover. Such an approach can reduce evaporation by 30 - 50%. The village letter to residents did offer a number of good suggestions for reducing the water needed for irrigation.

4) Water wells may be a suitable alternative for large irrigation systems or even pool use since this water is usually treated anyway. While this does not reduce consumption it still reduces stress on our municipal water system.

Scarsdale has been inching toward increased sustainability. Restoring 2017's excess rate of 9.97 corrects what was probably a simple arithmetic error that simply wasn't caught earlier. It's low hanging fruit and the *proposed* change hasn't actually been enacted yet. Increase the "Scarsdale Trailing Multiplier" by just 0.117% and we eliminate the moral hazard and terrible optics of a rate reduction to the largest consumers of water in a year when we are trying to restore our capital reserves.

Best regards,

Brice

Brice Kirkendall-Rodriguez bricek@yahoo.com

From: Steve Pappalardo <spappalardo@scarsdale.com>

To: Brice Kirkendall-Rodríguez <bricek@yahoo.com>

Cc: Robert Cole <rcole@scarsdale.com>; Mary Lou McClure <mmclure@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Dan Hochvert <danghochvert@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Justin Arest <justinarest.scarsdaletrustee@gmail.com>; Lena Crandall <lenacrandall.scarsdaletrustee@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>

Sent: Friday, April 13, 2018 6:15 PM

Subject: FW: New rates provide discount for excess water consumption

Brice,

Thank you for your email and interest in the water rates and concern for advancing sustainable practices in Scarsdale. As you know, NYC bills Scarsdale for a wholesale base rate and wholesale excess rate. You are correct that the wholesale excess rate charged to Scarsdale is the same as the base rate charged to NYC residents. The discounted wholesale base rate for Scarsdale reflects the commodity price only, i.e., it is sharply discounted because it strips away the NYC overhead for operating and maintenance costs.

The standing Village Board policy is to roughly mirror, or treat as a trailing pass-through, the New York City excess water rate multiplier, presently set at approximately 2.94. As approved by resolution of the Village Board on 2/27/18 in conjunction with the Village-wide Fees and Charges Schedule, the 3X multiplier for 2018/19 is both consistent with Village Board policy and a significant penalty for excess consumption. As you will note in the table below, the wholesale excess rate multiplier was roughly between 3.24 and 3.55 for many years, though it has gradually declined as the wholesale base price has increased at a more rapid rate. With the most recent three-year multiplier average having dropped to 2.94, our corresponding excess multiplier has dropped to 3.0, yet remains a significant water conservation inducement.

Billing Years	NYC Wholesale Base (Avg.)	NYC Wholesale Excess (Avg.)	Wholesale Multiplier	Scarsdale Trailing Multiplier
2009-2011	1095.263333	3890.373333	3.55199815	3.5
2012-2014	1467.556667	4754.903333	3.240013446	3.5
2015-2017	1728.99	5093.58	2.945985807	3.0

As you know, the 3.0 multiplier remains one of Westchester County’s highest. From a policy perspective, it is noteworthy that one of the examples you had cited, Mamaroneck, charges water customers using 50 units or less a rate that is roughly 55% higher than Scarsdale’s. Thus, while it is correct to observe that our maximum may be about 3% less than Mamaroneck’s, the 55% premium on lower-volume users paints a very different picture when making the interjurisdictional comparison. While reducing the local excess multiplier does generate savings for a high-volume user, assuming no change in that user’s consumption pattern, the marginal decrease is unlikely to have an impact on conservation or consumption behavior. Our position continues to be that a 3X multiplier is significant, and that reducing the multiplier does not change our existing fiscally progressive rate structure into a regressive one. To that point, the highest volume users, typically higher income households with larger properties to irrigate, are keeping the Water Fund solvent through excess use charges. To illustrate, FY 16/17 revenue supporting the Water Fund was derived as follows: \$5.34M from excess usage billings and only \$1.83M from base unit billings, which also includes revenue from households paying excess use charges – such households pay into both the base and excess revenue sources, of course.

Your suggestion of a tiered rate structure may be worthy of further consideration, and other rate(s) and structures will continue to be evaluated on a moving forward basis. I welcome your comments in this regard during future budget processes.

Of course, care must be taken not to become overly aggressive in capitalizing on the ability of higher income households to support the Water Enterprise Fund through the rate structure. Passing-through the NYC excess charge is a significant conservation inducement, and adding additional profit against a backdrop of the disproportionate revenue generation burden already imposed by the pass-through excess rate is inadvisable. One must also consider that it is fiscally imprudent to continue to rely upon revenues generated through the excess rate to maintain Water Enterprise Fund solvency, as conservation and efficiency measures will erode excess charge revenues over time. Just as the excess rate generates revenue exponentially on a per-unit basis, it declines in the same fashion in response to effective water conservation and efficiency amongst high-volume users. Given that fiscal reality, the base entitlement rate needs to continue to be managed to ensure a stable source for water-related operating and capital expenses. As noted, the excess rate is a potentially volatile, unsustainable revenue source.

In summary, the FY-18/19 water rates approved by the Village Board are appropriate for our local context and regulatory environment. Even considering the decrease in the excess charge, the proposed rate structure is fiscally progressive and supports the Village Board’s pass-through policy with respect to approximating the NYC excess rate. Reducing the excess rate is an equitable response to the lower NYC excess rate, as documented in the above table. Furthermore, property owners should continue to expect increases to the entitlement (base) rate as revenues associated with excess consumption begin to decline over time in response to successful conservation and efficiency measures (including those associated with commodity pricing).

I would be happy to discuss further if you are interested.

Regards,

Steve Pappalardo

From: Brice Kirkendall-Rodríguez [mailto:bricek@yahoo.com]

Sent: Wednesday, April 11, 2018 11:13 AM

To: Dan hochvertdan.hochvert <danghochvert@gmail.com>

Cc: Steve Pappalardo <spappalardo@scarsdale.com>; Robert Cole <rcole@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Mary Lou McClure <mmclure@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; justinarest.scarsdaletrustee@gmail.com; Lena Crandall <lena.crandall@verizon.net>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Deborah Pekarek <debpekarekbot@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Marc Samwick <marc.samwick@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>

Subject: Re: New rates provide discount for excess water consumption

Hello Mayor Hochvert,

Attached please find a copy of my public statement to the Board of Trustees last night.

I did not receive a reply from you to the e-mail I sent below after receiving prompt replies to previous e-mails in the thread. I feel it is important for you to understand why I appeared to be obsessing Monday on the point of the wholesale rates for water. In Manager Pappalardo's initial reply to the e-mail I sent you and members of the BOT on March 26th, he stated "The proposed reduction in the Scarsdale excess water rate is in response to a similar reduction in the New York City wholesale rate for excess use." In an e-mail you wrote in reply to a resident expressing the same concern you said "The excess rate change was initiated by NYC which supplies Scarsdale its water." As I presented last night in my remarks, New York City has not changed its rates in three years.

If you haven't figured it out by now, I am a policy wonk. I know there is nuance to good governance, that leadership is hard and that confrontation can actually harden positions rather than reaching compromise. Two years ago when I first discovered vertical inequity in the results of the Ryan Reval, I arranged for Mayra and I to meet privately with Mayor Mark to share our concerns. Out of respect to him and his office we felt it was important that he have an opportunity to learn about the compelling data we had unearthed before presenting the findings publicly. Monday I extended you the same courtesy. You had the opportunity during your public remarks last night to set the record straight. Our proposed water rate changes for 2018 were exclusively a Scarsdale decision and had nothing to do with changes in the New York City wholesale rates. For me there is no sport in assailing someone's character. I want to keep the focus on policy. My entire motivation in this endeavor is to be sure we preserve the progressive nature of our water rates to encourage conservation.

However, what am I to make of the statements made by both you and Manager Pappalardo or even the way the water rate changes were presented? I do not know either you or Steve well but my impressions have always been very favorable. You both appear to be hardworking, sincere and honorable. Am I naive about the challenges of public office? There can be no mistaking the fact that our water rate changes have been presented with obfuscation and deception. This seems so unnecessary. No lives are at stake. There is no national security interest served. Rather than using a plain language explanation of water rates your administration chose to hide the changes by using multipliers ("3.0 x Base Rate") and when residents still challenge the proposal the follow up message is "yes but the reduced multiplier is against a higher base amount."

Allow me to state the changes in plain language with examples: The old base rate was \$2.85 and it is now \$3.91. The old excess rate was \$9.975 and the new proposed rate is now \$9.60. A household consuming 50 units in 2017 paid \$142.50 and will pay \$160 under the proposed rate change. A household that consumes 97 units paid \$611.33 in 2017 and will pay almost the same under the proposed rate (\$611.20). A household that consumes 200 units paid \$1638.75 in 2017 and would now pay \$1600 under the proposed rate change.

My objection to reduction of the excess rate from \$9.975 in 2017 to \$9.60 in 2018 is that it is antithetical to the message of conservation and sustainability that we have been trying to promote in many other areas of our public policy. How can we hope to have any credibility with this message elsewhere if we allow this inconsistency to stand? Under the proposed rate changes only our most conservative water users are given the financial incentive to conserve more. Those that consume 97 units are given no incentive and those that consume more than 97 units such as the 200 unit consumer in my example are actually given a financial disincentive to conserve.

Instead of trying to bury the changes to the top rate by changing factors in an equation or deflecting blame to the City of New York, we could have chosen to summon the fortitude to say "the Board of Trustees has decided that the top rate was too punitive relative to

neighboring communities and as unpopular as the decision will be, the board has decided to roll back this rate." Honestly, I could have even accepted such a statement if it was supported by data. (For reference, the Village of Mamaroneck and the City of Rye both charge \$9.92 for their top rate. Our top rate is actually comparable to neighboring communities though we should consider a lower intermediate rate.)

The Board of Trustees has not yet voted to approve the proposed water rate changes as part of the budget. I urge you to restore the \$9.975 excess rate of 2017 and maintain your credibility with the community as good stewards of our natural resources. Respectfully, I would appreciate a reply to this e-mail.

Best regards,

Brice

Brice Kirkendall-Rodriguez bricek@yahoo.com

From: Brice Kirkendall-Rodríguez <bricek@yahoo.com>
To: Dan hochvertdan.hochvert <danghochvert@gmail.com>
Cc: Steve Pappalardo <spappalardo@scarsdale.com>; Robert Cole <rcole@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Mary Lou McClure <mmcclure@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; "justinarest.scarsdaletrustee@gmail.com" <justinarest.scarsdaletrustee@gmail.com>; Lena Crandall <lena.crandall@verizon.net>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Deborah Pekarek <debpekarekbot@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Marc Samwick <marc.samwick@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>
Sent: Monday, April 9, 2018 1:22 PM
Subject: Re: New rates provide discount for excess water consumption

Mayor Hochvert,

My initial interest in this matter was based simply on a pricing inconsistency with our stated goals for sustainability. However, judging from the replies I have received regarding the rate changes, I am sensing some discomfort with the explanation. Perhaps you can have someone from the water department share the wholesale rates for 2016, 2017 and 2018?

Best regards,

Brice

Brice Kirkendall-Rodriguez bricek@yahoo.com

From: Dan hochvertdan.hochvert <danghochvert@gmail.com>
To: Brice Kirkendall-Rodríguez <bricek@yahoo.com>
Cc: Steve Pappalardo <spappalardo@scarsdale.com>; Robert Cole <rcole@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Mary Lou McClure <mmcclure@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; "justinarest.scarsdaletrustee@gmail.com" <justinarest.scarsdaletrustee@gmail.com>; Lena Crandall <lena.crandall@verizon.net>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Deborah Pekarek <debpekarekbot@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Marc Samwick <marc.samwick@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>
Sent: Monday, April 9, 2018 12:42 PM
Subject: Re: New rates provide discount for excess water consumption

Brice

I don't have the past rate but the current rate NYC is charging us is 2.94X base rate.

Dan

On Mon, Apr 9, 2018 at 12:32 PM, Brice Kirkendall-Rodríguez <bricek@yahoo.com> wrote:

Thank you Mayor. I hope you don't think I haven't done that math;-) This was the reason for my illustration of three different example households in my initial letter. However, it would still be helpful to receive the wholesale base rate and wholesale excess rate for 2016, 2017 and 2018 so that I have a full picture of the changes. Would it be possible to receive those numbers?

Best regards,

Brice

Brice Kirkendall-Rodríguez bricek@yahoo.com

From: Dan hochvertdan.hochvert <danghochvert@gmail.com>

To: Brice Kirkendall-Rodríguez <bricek@yahoo.com>

Cc: Steve Pappalardo <spappalardo@scarsdale.com>; Robert Cole <rcole@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Mary Lou McClure <mmcclure@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; "justinarest.scarsdaletrustee@gmail.com" <justinarest.scarsdaletrustee@gmail.com>; Lena Crandall <lena.crandall@verizon.net>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Deborah Pekarek <debpekarekbot@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Marc Samwick <marc.samwick@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>

Sent: Monday, April 9, 2018 12:25 PM

Subject: Re: New rates provide discount for excess water consumption

Brice

Based on some conversations I have had with residents, not everyone recognizes that those who travel into the excess area pay the increased base rate before they get to the excess rate and also don't recognize that the excess rate will be 3X the increased base rate.

Dan

On Mon, Apr 9, 2018 at 10:03 AM, Brice Kirkendall-Rodríguez <bricek@yahoo.com> wrote:

Hi Steve,

Thank you for your detailed reply. I was traveling when I received it and have now had time to digest the information in your e-mail. You mention that the proposed reduction in Scarsdale excess water rate is in response to a similar reduction in the New York City wholesale rate for excess use. It would be helpful for me to put this in context if you are able to share the wholesale base rate and the wholesale excess rate for the years 2016, 2017 and now for 2018.

Thank you in advance for you help.

Best regards,

Brice

Brice Kirkendall-Rodríguez bricek@yahoo.com

From: Steve Pappalardo <spappalardo@scarsdale.com>

To: "bricek@yahoo.com" <bricek@yahoo.com>

Cc: Robert Cole <rcole@scarsdale.com>; Stephen Johnson <sjohnson@scarsdale.com>; Mary Lou McClure

<mmcclure@scarsdale.com>; Josh Ringel <jringel@scarsdale.com>; "justinarest.scarsdaletrustee@gmail.com" <justinarest.scarsdaletrustee@gmail.com>; Lena Crandall <lana.crandall@verizon.net>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Dan Hochvert <danghochvert@gmail.com>; Deborah Pekarek <debpekarekbot@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Marc Samwick <marc.samwick@gmail.com>; Matthew Callaghan <MJC49C@gmail.com>; Seth Ross <seth.h.ross@gmail.com>

Sent: Friday, March 30, 2018 5:22 PM

Subject: RE: New rates provide discount for excess water consumption

Dear Brice,

Thank you for your comments concerning the proposed FY 2018/19 water rates.

As you noted, Scarsdale residents have become increasingly cognizant of the need to make both public and private choices that support community sustainability and resiliency. Your observation related to excess water rates in that regard is accurate as well, that is, that the excess water rate is intended to encourage public and private water conservation and efficiency measures.

By way of added background, and as a matter of Village Board policy, our local water rates generally trail the New York City wholesale rates. Scarsdale rates are incrementally higher, of course, to make sure the Water Enterprise Fund is fully supported. The proposed reduction in the Scarsdale excess water rate is in response to a similar reduction in the New York City wholesale rate for excess use. Despite the reduction, however, a significant excess use penalty remains. Excess units will still be charged at 3x the base rate, which is one of the highest such disincentive charge multipliers of all Westchester County municipal water utilities we have surveyed.

Also, your point concerning excess rate users receiving a discount is well-taken, however, and apart from the New York City rate-setting dimension, there is another bit of information that you may not have had available in making a vertical equity determination about the proposed change. But for the significant sum of money collected through the excess rate, \$5.34M in 2016/17 revenues as opposed to \$1.83M entitlement rate revenue collected over the same period, the entitlement rate would be sharply higher (about \$5.338/unit) because our operating and capital needs would still require full funding. Therefore, while a "discount" on the excess rate would seem to shift 100% of the "savings" burden to entitlement rate users, not only is the added entitlement burden shared equally by the excess rate users themselves, but the "savings" does very little to overcome the significant rate subsidy that excess rate users have been providing and will continue to provide entitlement users for the foreseeable future. Finally, it is reasonable to anticipate that upward pressure will continue on the entitlement rate given efforts to promote water conservation and efficiency, as excess rate revenues decline, the entitlement rate needs to make up the difference, as your initial comment observed, in order to fully fund the Water Utility. It should also be noted that our entitlement rate is highly competitive Countywide.

On the topic of wells, some Scarsdale residents utilize them for non-potable water currently, subject to Westchester County regulations, which include permitting, testing, etc. Other strategies, including rainwater capture, which can also help with stormwater control, replacing turf grass with native plantings, and implementing the latest water use and sprinkler management technologies are also very valuable in reducing consumption.

Finally, both staff and the Village Board take our water rate-setting roles very seriously and we strive to identify and mitigate equity impacts, potential unintended consequences, etc. I appreciate your comments, intended to improve our consideration of such potential problems, and welcome further suggestions on this or other future matters.

Sincerely,

Steve Pappalardo

From: Brice Kirkendall-Rodríguez [<mailto:bricek@yahoo.com>]

Sent: Monday, March 26, 2018 10:03 PM

To: Manager's Department <manager@scarsdale.com>; mayor@scardale.com; Matthew Callaghan <MJC49C@gmail.com>; Jane Veron <jveron.villagetrustee@gmail.com>; Carl Finger <carlfingerscarsdaletrustee@gmail.com>; Marc Samwick <marc.samwick@gmail.com>; Seth Ross <seth.h.ross@gmail.com>; Deborah Pekarek <debpekarekbot@gmail.com>
Cc: Clerk's Department <clerk@scarsdale.com>
Subject: New rates provide discount for excess water consumption

Mayor Hochvert, Board of Trustees and Village Manager Pappalardo,

Scarsdale has prided itself in taking at least small steps toward improved sustainability and environmental stewardship through introduction of the county's first food scrap recycling program, a pilot program for LED lighting on village roads and proactive tree replacement for fallen trees along the village right of way. Individuals in our community have also taken steps to bicycle to the train station, purchase hybrid and electric vehicles and install solar panels on their roofs. In short our inclinations are in the right place even if we haven't made huge lifestyle changes to counter the effects of our carbon footprint.

Thus our most recent water rate changes and their implicit reward of excess consumption came as quite a surprise. While we continue to pay unusually low water rates for the area and even the nation, those Scarsdale households that manage to consume within the base rate range can nonetheless expect to pay 12.28% more for their water whereas the small minority of large volume water consumers are being granted a 3.67% reduction on their excess consumption. This seems incongruous with a community that prides itself on sustainability.

The average family of four in the United States consumes about 100 gallons of water per day per family member. This works out to about the 50 units of water in a three month period that comprises our base rate. In short, our base rate is not a hardship. Excess water consumption is usually due to water leaks, landscape irrigation or water supply to a swimming pool.

Let's consider a tale of three families. The first consumes 50 units of water in three months, the second consumes 97 units in three months and the third family consumes 1,038 units in three months. With the new rate change, our first family will see their three month bill rise from \$142.50 to \$160. The second family will see little change in their \$611 three month bill whereas the third family will see the cost of their excessive use of water (more than twenty times the national average) drop by almost \$353. In fact, the savings is equivalent to over 65,000 gallons of water or enough to fill a typical swimming pool more than three times. Isn't this what we would call a moral hazard?

I am not advocating a rate increase to excess water users. However, providing a discount seems completely contrary to the culture of sustainability that has until now been promoted by the village administration. As our water rate increase letter clearly states, we have major infrastructure projects that need to be undertaken. This is not the time for a regressive change to our water rate structure or a time to reward excess water consumption. While we may all have to accept an increase in our base rate, let's keep the excess rate of \$9.975 per unit where it was last year.

My third family scenario of 1,038 units of water consumed in three months is not fiction. I have met families that were shocked with a \$10,000 water bill at the end of last summer. They have both a pool and an irrigation system for their property. There is a viable alternative for these families that would actually save even more money than the new excess unit discount without the village incentivizing excess consumption.

Drill a well. Only about 10% of households in Westchester County avail themselves of well water. Most of these households are probably in the north county. Furthermore, we are fortunately enough to have a high water table and live far from large industrial consumers of water. Drilling a well is not likely to significantly impact our local natural water resources and the Westchester County GIS maps suggest the ground water in Scarsdale is accessible and of good quality. This water could be used for irrigation and for supplying a pool and the household could limit its use of municipal water to the same amount that is typical for most members of the Scarsdale community. Such projects require a permit but would probably see a return on investment in as little as one season depending on consumption patterns with benefits to last in near perpetuity thereafter. Furthermore, if excess water users tap their own wells then this would reduce demand on our strained municipal water supply. Also, our reduced dependency on New York City water would help ease tensions with our neighbors to the north who supply the water and are held to much higher constraints on land use than we encounter because they are in the watershed that supplies our region.

I urge the village to correct the discount provided to excess water consumers. As I have just outlined, there is a sensible alternative that will save these consumers even more money and the village won't create the impression that its sustainability policies harm those least responsible for excesses.

Thank you for your time, attention and service.

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