

February 05, 2015

Water privatization bill removing public vote requirement moves to Christie's desk

By Seth Augenstein | NJ Advance Media for NJ.com



Sales of New Jersey's public water systems are fast tracked under a bill signed today by Gov. Chris Christie. (AFP/Getty Images)

A controversial bill signed into law this afternoon by Gov. Chris Christie would allow for fast-tracking the privatization of many public water systems in New Jersey.

The Water Infrastructure Protection Act removes the public vote requirement to sell water systems throughout the state under emergency conditions that many systems currently meet.

The sponsors of the bill tout it as a way to get desperately-needed investment into water systems that have been neglected to the breaking point by government owners. The emergent conditions that would allow for a fast-track sale include the location of the system within a critical water area, and it being deficient in drinkability or pressure, among others.

Opponents warn that it is an attempt to turn private profits off public infrastructure at the expense of taxpayers — who themselves will end up paying for the purchase prices with increased rates.

"We recognize that there are times when private entities might be most capable of operating, maintaining and upgrading drinking water and sanitary wastewater systems," said state Sen. Joseph Kyrrillos (R-Monmouth). "This legislation strikes the right balance of allowing for quicker transfers when water systems are at risk, while maintaining the public's ability to be part of the process in a direct and meaningful way."

The Legislature passed the bill in December.

Originally introduced in September, the bill drew opposition from a wide variety of industry and environmental groups, including the New Jersey State League of Municipalities, the New Jersey Business and Industry Association, environmental groups like the Sierra Club and Food and Water Watch, and the Communications Workers of America union.

"This is such a bad deal for the citizens of New Jersey," said state Sen. Bob Smith (D-Middlesex). "This is crazy. ... Just giving away our water supply."

"Put the rhetoric to one side," Kyrillos said. "This does not force anyone to sell water utilities."

The state's Division of Rate Counsel blasted the bill publicly, saying ratepayers would end up paying for the sale of their own water systems, with the way infrastructure sales are legally regulated.

"This bill ... has the potential to allow investor-owned utilities to run wild with bid prices in an effort to submit the highest bid," said Stefanie Brand, director of the Division. "Meanwhile, ratepayers will be required to pay for the full purchase price in rate, and will pay for these higher bids."

The original bill could have applied to a majority of the 593 community water system in the state, officials have said. However, the sponsors amended the bill in early December, saying it would narrow the definition of which damaged water systems could be sold.

"Clearly there's a bunch of water systems out there that have been in neglect," said state Sen. Paul Sarlo (D-Bergen), who estimated the language would now only apply to five of 70 towns in his home county. "To me this is a positive."

A notable political contribution was made in between the vote's passage and Christie's signing of the measure. American Water of Voorhees, the largest publicly traded U.S. water and sewer company, contributed \$50,000 to the Republican Governors Association in the final days of the New Jersey governor's chairmanship of the organization.