

What You Should Know About Old Bridge MUA



Members of the Town Council have raised some issues about the Old Bridge MUA. Claims of excessively high water rates, rate increases and mismanagement are being made by some Council Members.

This is nothing more than misdirection and political rhetoric!

This flyer will attempt to offer a different perspective on the Administration and Town Council's issues with the Old Bridge MUA.

Unlike the town, the Old Bridge MUA is not operating with a deficit. In fact, the town has gone to the MUA for “bail outs” in the amount of 5% of its operating budget 3 years in a row. Although the MUA has helped in the past (consistent with state provisions); it cannot be a “cash cow” for the town.

Unlike the town, the MUA has been cited for its excellence in financial reporting by Government Finance Officers Association from 2004–2010; 7 years of excellence. The GFOA is a nonprofit professional organization serving 17,500 government finance professionals. Before any member of the Town Council criticizes the MUA for its operating practices, it should get its own house in order.

The Administration and Town Council are facing a projected \$7 to \$8 million dollar budget deficit for next year. How are they planning to fill this shortfall? By making unsubstantiated claims of excessively high water rates, rate increases and mismanagement, members of the Administration or Council may try to make the case to take over the MUA; or worse, sell the MUA to a private water company.

Let's consider the claim of “excessively high water rates”

Your water rates like any other utility are probably more than you would like to pay, but by comparison, they are not excessively high. Of the 52 surrounding communities, Old Bridge ranks number 26. Sayreville for example has a lower water rate; however, they place a much greater burden of responsibility on the rate payer and individual customer. If your water service breaks from the water main in Sayreville, you the customer are responsible for repairing it and you have a limited amount of time to do so. A repair like this could easily cost upwards of \$10,000. These lower rates only seem fair until you are affected by this type of repair.

By comparison, the Old Bridge MUA includes these types of repairs in your water rate and the disparity of rates between the two towns is not that different.

Sayreville is an example of what happens when a town takes over its MUA.

Were there really rate increases?

Not in the traditional sense. The MUA lowered its quarterly minimum in a two-phase process, from 10,000 gallons to 8,000 gallons and then to 6,000 gallons. These changes in the minimum quarterly usage caused a change in the rate schedule and amounts to a \$24.00 increase annually in the water rate.

The MUA did not impose an across the board rate increase as is implied by some.

Why did the MUA lower its minimum?

By lowering the minimum quarterly usage, the MUA is able to keep the water rates for seniors and those on fixed incomes stable.

Is the MUA mismanaged?

Well that depends. If you consider investing in the town's water infrastructure to improve service mismanagement, then the MUA is mismanaged. If you consider producing more of its own water rather than buying it mismanagement, then the MUA is mismanaged. If you consider a company that doesn't operate in the red, that is fiscally responsible and has been awarded for its excellence in financial reporting mismanagement, then the MUA is mismanaged.

The claim of MUA mismanagement is nothing more than political rhetoric in an election year. It pertains to the purchase of township property for the purpose of developing aquifer recharge basins. Again, if you consider looking to the future needs of Old Bridge to be mismanagement, then the MUA is mismanaged.

What are aquifer recharge basins and why would the MUA want them?

Currently, it costs the MUA approximately \$1300 to produce a million gallons of its own water for the town. It is obligated to buy 2 million gallons of water per day from Middlesex Water Company to meet current demand. This purchased water costs the MUA approximately \$2600 per million gallons. This added expense can be reduced if not eliminated, if the MUA can produce more of its own water.

Aquifer recharge basins are reservoirs designed to supplement the underlying aquifer. If the MUA can supplement the aquifer, the Department of Environmental Protection would allow the MUA to pump more water from the ground. If the MUA can replace 2 million gallons of water or more, this will reduce or eliminate its need to purchase from Middlesex. This reduction in Middlesex water would help to keep water rates stable in years to come.

The argument of mismanagement centers around the MUA purchasing township owned property for \$5.6 million dollars.

So why did the MUA purchase township property?

The MUA purchased a 300 acre parcel of land for two significant reasons. 1) It met the geographic criteria, being undeveloped and isolated from population. 2) It also met the geologic criteria for aquifer recharge basins. The existing aquifer lies approximately 25 feet below ground surface and the overlying geologic strata is suitable for these types of basins to be effective.

Planning for the future should not be considered a detriment and it certainly doesn't qualify as mismanagement. Maybe if the town had planned for the future, they wouldn't be facing such a staggering deficit.

Why the Administration & Town should not take over the MUA!

First, the MUA is not broken. It exercises sound operating practices and is one of the only agencies in the town that is not operating with a deficit. The MUA plans for the future and implements policies that will improve service to its customers and rate payers.

Here are some other reasons to name a few:

- The town would squander the MUA's revenues without any fiscal responsibility. This has already been demonstrated with their requests for bail outs to the tune of \$1.3 million dollars for 3 consecutive years.
- With a 2% cap on property taxes, the town would utilize water rates to supplement its budget (Sayreville tried this with a proposed 40% water rate increase. They eventually settled on a 13% increase and raised property taxes to make up the difference.)
 - Utilizing water rates to supplement the budget would mean no revenue available for routine maintenance and no revenue available for infrastructure improvements.
- To portray a façade that the town is keeping water rates reasonable they could implement some of the following measures:
 - Charge the different Fire Wards rent for each hydrant.
 - Charge the different Fire Wards for repairs to any broken hydrant. These two measures would amount to a tax increase by the Fire Commissions.
 - Relinquish responsibility of the customer's water service line to the customer. Sayreville does this. Repairs of this nature could cause local residents upwards of \$10,000 to make these repairs.

Both Monroe and Sayreville took over their respective MUA's, "all for the rate payer." What was the result? When Monroe took over its MUA, it squandered its revenues. When they had a well failure and couldn't adequately supply their residents what did they do? They contacted the Old Bridge MUA and purchased 500,000 gallons of water per day until repairs were made. This ineptitude was the result of a lack of planning. The Old Bridge MUA was able to help its neighboring community without any adverse affects to its own customers. And what did Sayreville do when they had control of their MUA? They attempted to raise water rates 40% to balance their books.

This is what a town does when it is not fiscally responsible, all at the expense of the rate payer.

So what does the MUA do?

First and foremost, it provides a continuous supply of safe drinking water, and the efficient removal of all sanitary wastewater. The MUA charges less than \$2.10 per day for minimum water users, and for those seniors qualifying for the 20% senior reduction it amounts to \$1.68 per day. A gallon of water for the minimum user costs \$0.01117 cents. That's cheaper than the bottled water we so often purchase in our local convenience stores.

The MUA invests in the township's water infrastructure to improve service for its customers and residents. Elevated storages tanks and low-energy pumps increase efficiency while keeping costs low.

The MUA is responsible for the water main in the street as well as the individual service to the shut off at the curb. Towns like Sayreville, which have taken over their utility, do not.

Most important, the MUA manages, maintains and protects the water rights for the residents of the town. If the Administration or Council move to sell the MUA to a private water company, these water rights would be surrendered to that company and Old Bridge will have relinquished control over its water supply and destiny.

What could happen if the Town sold the MUA to a private water company?

The township would lose control of its water supply. Water rates could increase almost immediately and the private water company would have the right to do so.

There are two main differences between the MUA and any private water company. Although private water companies are obligated to provide a water supply that complies with Federal and State Drinking Water Standards, their responsibility is to their stock holders. When they improve the infrastructure, whether it directly affects Old Bridge or not, a private water company is entitled by law to expect a profit on their investment. The MUA does not invest for profit. It invests to improve service and to keep costs to a minimum.

The MUA doesn't answer to stock holders. It answers to the residents of the town. They are essentially the share holders of the MUA and the MUA's works diligently to provide a safe, palatable drinking water at the best rate it can.

The Town has serious financial problems and the Administration or Council should not try to fix their problems on the back of the Old Bridge MUA. Elections and political rhetoric should not direct this argument, facts should. And the fact is the Town is not capable of properly running the MUA. They will use the revenues of the MUA to balance their books and learn nothing about fiscal responsibility. They will sacrifice your service and perhaps your water rights and claim that they are doing it for the rate payer.

Protect your water rights! Protect your water supply! And protect the company that has been investing for the future needs of its customers and residents! As share holders in the Old Bridge MUA you need to tell the Administration and Town Council to keep their hands off the company that actually work for the residents!

For accurate information go to: SaveOBWater.com