



Association of Environmental Authorities of New Jersey

Thursday, December 19, 2019

Tell Municipal Leaders: Sewer Sale Bill is No Magic Bullet, Would Saddle Residents with Higher Bills

S3870/A5391 is still alive in the New Jersey Legislature, and AEA continues to work to oppose it.

The AEA board is asking members to reach out to mayors. Tell them not to be fooled by promises made on this bill. Mayors and other local leaders should call legislators and tell them to vote against the bill if it reaches an agenda. Here's why:

- **It is anti-democracy and anti-transparency.** This bill would eliminate the public referendum currently required. Unless this bill is stopped, a governing body member of any municipality that owns a sewer system would be able to meet privately with a representative of an investor-owned utility, make a deal, and in short order, introduce an ordinance to sell the system. The governing body could vote to sell without any public vote in a matter of a few weeks. Once sold, it is virtually impossible to buy a system back.
- **It is NOT a Solution.** We are told that the bill is being pushed as a "solution" for failing sewer systems, and that it only applies to "failing" systems. The fact is, the bill makes no distinctions relating to the quality, age or condition of a sewer system. Any sewer system, well-run or not, failing or well-maintained, could be sold, and residents could end up bearing the brunt of high, private-utility sewer system prices. (A document from the Michigan State University Institute for Public Utilities says that private utilities cost more than publicly owned systems.)
- **Sewer Customers Will Bear the Brunt.** Under the bill, the investor-owned utility purchasing the system is allowed to recover the purchase price in the rates it charges its customers. Ratepayer advocates predict this will mean highly inflated prices for systems. The situation in Pennsylvania bears this out: since that State enacted the same kind of legislation, sewer systems have been selling for huge sums. (One news article called it a "feeding frenzy.") Pennsylvania ratepayers are picking up the tab and that's what would occur in New Jersey if S3870/A5391 passes here.
- **No different than hocking the family's possessions.** Selling a municipal

asset to cover accumulated debt is no different than hocking your family's possessions to pay the repo man. It is an action of desperation, not good government. Rich Calbi, of Ridgewood Water, put it so well when he spoke at the Jersey Water Works conference last week: "With the right amount of time, knowledge, capital investment and leadership, almost any NJ publicly owned utility can modernize and flourish." You don't need to hock the system to ensure your residents get good sewer utility service.

For more information, contact Peggy at 609-584-1877.

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