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Should towns control the tap?

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Herald News

Heeding cries for taxpayer relief, municipal officials across North Jersey are cashing in on a vital asset of a town's infrastructure — its water utility.

With the high cost of maintenance, continual upgrades and manpower, some officials liken town-owned water companies to money pits, arguing that selling off their reservoirs is often a more viable and lucrative option.

But the trend concerns environmentalists, who say towns should think twice before giving up the rights to their water supply because making a quick buck now could lead to problems down the line.

"I think it's a bad practice where towns are doing it to get short-term profits," said Jeff Tittel, executive director of the New Jersey chapter of the Sierra Club.

"The service goes down and the rates go up," he said.

But with an economic downturn that has left local governments cash-strapped, many officials say unloading a water department and the manpower that comes with it, is simply the practical thing to do.

North Arlington officials sold the borough's water company for \$4.3 million in 2004 to the Passaic Valley Water Commission, arguing that the sale would spare taxpayers the burden of millions of dollars in capital improvements.

Thomas Ammirato, a borough spokesman, acknowledged a slight increase in the rates, but said the quality of service also has gone up.

"When we sold the utility for \$4.3 million, it was actually valued at the time for less than \$300,000, so there's an influx of money — which certainly helps — but it saves you from the long-term upkeep costs," Ammirato said. Commercially owned utilities are more likely to invest in a town's infrastructure because they have more resources, he added.

"The small, municipal-run water utilities generally keep the rates low because they're not really investing in the water utility. So now there's more water, and we're saving on employee costs since we don't have to send somebody out there every time a pipe freezes or a water main breaks," Ammirato said.

Maintenance is a problem Elmwood Park Mayor Richard Mola has complained about for

years. The borough has a different setup in that it owns the pipes and pumps in its system, but not any reservoirs or well sources, forcing it to purchase bulk water from a utility.

"We get our water from Passaic Valley, but every time a pipe breaks, we're the ones who have to pay to get it fixed," Mola said. "It's been an issue for years and frankly, it doesn't make any sense."

Roy Riggitano, Elmwood Park's chief financial officer, said the borough has spent between \$2,500 and \$11,000 each time a water main has broken over the past five years. During harsher winters, they've been saddled with \$30,000 to \$40,000 bills over a season.

The borough is negotiating with several vendors, including Passaic Valley, to sell its infrastructure and "get the best price."

Most of North Jersey gets its water from United Water — a subsidiary of the Suez Environmental division of the Paris-based Suez Group, or the Passaic Valley Water Commission — a partnership run by three Passaic County municipalities: Paterson, Passaic and Clifton.

United Water serves some 750,000 customers in 60 towns across Bergen, Passaic, Hudson and Sussex counties. Passaic Valley serves 64,000 retail customers, and contracts with 25 towns to provide all or part of their water supply needs.

But Tittel worries that private utilities often don't have the interests of residents at heart. He recalled the Sierra Club's opposition to a proposed sale of a water utility in Sterling Forest in Ringwood to United Water a few years ago.

Conservationists were concerned that United Water would tap the state park's lakes — created to protect the headwaters of the Wanaque Reservoir, which provides water to 2 million residents in northern New Jersey — and use it to serve housing developments in New York State.

"We're allowing foreign conglomerates who aren't interested in investing in our infrastructure to hold our water supply hostage ... they are more in the business of profit than water supply, Tittel said.

Former Lodi Mayor Phil Toronto, who entered the borough into a 30-year-lease agreement with Passaic Valley in the mid-1990s, says "towns should not be in the utility business."

"It sounds like we're giving up an asset, but it really wasn't an asset," Toronto said, noting the high costs associated with Lodi's 100-year-old water system, which is prone to leaks and broken mains.

"I don't think the average citizen realizes just how expensive running your own water system can be, and why would you do that when a utility with more expertise and money can run it more efficiently and maintain it better?"

But as water supplies across the country are drying up, some municipalities say this is

the wrong time to cede control.

Nestled between Pompton Lakes and Bloomingdale, Riverdale still operates its own water authority.

Mayor William Budesheim said the borough prides itself on having one of the lower water rates in the area.

"I wouldn't want to subject residents to the whims of a water company ... I understand they have to make a profit, but not on the backs of our citizens," Budesheim said.

"It's like Corzine selling off the turnpike — what do you do when the money's gone?"

Garfield has owned and operated its own utility since the 1920s, when officials began buying tracts of well fields in the area. The city just invested roughly \$7 million in its infrastructure, officials said.

"I know a bunch of other towns have sold their water rights, and I'm sure they've made a lot of money, but with the way things are going, water is a precious commodity and we want to hold on to ours," said Mayor Frank Calandriello, adding that his father, the late former Mayor Frank Calandriello Sr. advised him never to sell the city's water rights.

City Manager Tom Duch said Garfield recently replaced an aging pumping station and three water tanks with state-of-the-art, digitally controlled facilities that pump water more efficiently.

The city still relies on Passaic Valley for 50 percent of its water, but the goal is to become almost entirely self-sufficient, said Riggitano, who also serves as CFO in Garfield in addition to his duties in Elmwood Park.


"In Elmwood Park's case, they don't have their own water source, so it makes sense for them to sell, but in Garfield, it's different ... if you have your own water supply, you're no longer at the whim of outside agencies raising rates."

Duch agreed.

"It's a tremendous asset that is invaluable to the city, and our ancestors had the great foresight to buy up land with well fields and maintain it," Duch said. "Once you sell it, you get a one-time shot in your budget, but you lose control of your destiny."

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