

Sentinel

North Brunswick • South Brunswick

Water users in S.B. may see \$36 increase per quarter

BY JENNIFER BOOTON Staff Writer

South Brunswick residents could get hit with a 17.6 percent increase in their water rates starting next quarter.

The rate hike, which could amount to a \$35.50 increase per quarter for the average use of 25,000 gallons per quarter, or an increase from \$201.50 to \$237, is needed to close a \$730,000 deficit in the water and sewer budget.

The slash in revenue was primarily caused by a decrease in consumption brought about by last year's unusually cool and rainy summer.

"Everyone's usage was down because of the amount of rain we got in 2009," Mayor Frank Gambatese said.

Water consumption was down 11 percent and commercial sewer billings were down 8.8 percent last year, according to Chief Financial Officer Joe Monzo, who presented the findings to the South Brunswick Council on April 6.

The township closed 2009 with a \$19 million revenue, which was short nearly \$1.6 million compared to 2008.

Despite the drop in revenue, the township still has to cover its costs. Fifty percent of water budget expenditures go to New Jersey American Water, from which the township is required to purchase 3.7 million gallons per day under a 30-year contract, Stony Brook Regional Sewerage Authority, and the Middlesex County Utility Authority. The township is a member community of both authorities, which means it is obligated to pay its share of their operational costs.

The other 50 percent of expenditures goes toward debt service, salaries and other costs associated with operating the utility.

In addition to these required costs combined with the loss in revenue from consumption, the township is also dealing with a drop in revenue from a hospital in Princeton. Last year the township received \$954,000 from the hospital for connection fees, and this year, Monzo said, the township cannot expect anything greater than \$200,000.

According to law, the budget's expected revenue for any given year cannot exceed revenue that was actually received from the prior year. So the 17.6 percent increase, which would generate an additional \$2.2 million in revenue this year, would be needed to cover the water costs in 2010, he said.

Monzo initially suggested a 12 percent increase back in January but had to hike it up an additional 5.5 percent in his presentation last week in order to cover the widening deficit brought about by first-quarter costs. The rate hike, if implemented, cannot be charged retroactively.

The council had rejected the proposal in January and urged the township professionals to find other ways to close the deficit. Council members still seemed concerned about the hike last week and again demanded to see an adequate alternative to the rate hike.

"I have not seen other options to greatly mitigate, lessen this increase," Councilman Joseph Camarota said.

Monzo urged the council to "entertain a 17.56 percent increase" at the next meeting and to put the hike on the fast track so it could become affective in mid-May. The urgency is so the hike can be implemented in time for the final two residential and final three commercial billings in 2010. That way, the hike would be weighted toward commercial users, Monzo said, since they have more remaining billings than residential users.

Possible alternatives to the hike are scheduled to be up for discussion at the council's April 27 work session.