

Suburban

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Tiebreaker goes in favor of water rate increase

Avg. family of four will pay \$52.50 more over three remaining quarters of 2010
BY JENNIFER BOOTON Staff Writer

SAYREVILLE — After months of debate, a divided Borough Council approved a 13 percent water rate increase on Monday.

The ordinance, recommended by borough Chief Financial Officer Wayne Kronowski and reduced from previous proposals, is necessary to tackle a \$675,713 deficit. The borough lost some \$1.7 million in revenue from 2008 to 2009 due to a sharp decline in water consumption, due partly to the temporary closure of the borough's largest water consumer, AmeriSteel.

On Monday the council was deadlocked 3-3 over whether to adopt the ordinance on its final reading, but Mayor Kennedy O'Brien cast the tie-breaking vote in favor of the increase. Council members Frank Bella and David Kaiserman, both Republicans, and Democrat Lisa Eicher opposed the ordinance, while Republicans Paula Siarkiewicz, Nicholas Perrette and Ken Kelly supported it.

The water rate increase was brought down significantly since Kronowski first recommended it in November. The CFO urged the council to consider raising water rates by as much as 40 percent at the time, but the proposal was shot down in a 4-2 vote.

A second recommendation given by Kronowski at the Jan. 11 meeting had the rate increase at 19 percent, but that was cut further to 13 percent when it was introduced on Jan. 25.

Kronowski said he was able to cut the proposed rate increase by lowering appropriations to \$7.9 million for this year, compared to \$8.9 million in 2009.

For the average family of four, the 13 percent hike will translate to an increase of approximately \$70; the increase will be \$52.50 this year, since there are only three quarters remaining in 2010. The quarterly bill will go from \$135 to \$152.50, or about \$17.50 a quarter per 1,000 cubic feet.

O'Brien pointed out that Sayreville has one of the lowest water rates in central New Jersey. This, he said, is the result of running a "very lean operation" and because the borough owns certain raw materials and partners with the water company, Duhernal, on processing and distribution.

Lowering the rate hike was possible due to variable cost reductions in the water and sewer department, according to Kronowski. Using the low consumption numbers from last year, the borough was able to anticipate fewer costs associated with water production in 2010, he said. The borough also anticipates purchasing less water from Duhernal, which operates as a pay-per-use system.

Borough resident Theresa Strek spoke during the public hearing Monday to note her belief in the necessity of the hike.

"[This is] the over-debated and overrated water rate increase," she said. "Despite irrefutable logic, questions continue."

Strek added that although she is against increases of any kind, this rate hike is the only fair road to take.

Siarkiewicz said increasing the rate is one of the "tough decisions we have to make," adding that it is necessary to close the deficit.

Those who opposed the ordinance said they felt as though the rate increase was not tackling the root cause of the problem. Kaiserman noted that another cool and rainy summer could further impede water revenue, causing the rates to be raised even further in the future. He also was dissatisfied that the issue was brought up late in 2009 despite possible forewarnings.

Borough Business Administrator Jeff Bertrand noted that the first indication that AmeriSteel was temporarily shutting down operations did not come until May. Also, the water usage numbers from the summer months did not appear until the fall, which is when the rate increase was first introduced to council.

Perrette said the increase in rates will run for at least nine months, or three quarters, and will be monitored on a monthly basis.

"This will be looked at continuously," he said, adding that the users have control over how much water they use.

Officials noted that if the borough runs a surplus in 2010, there is a chance the rates could be rolled back for the following year. By the same token, the budget is so tight that numbers may not be able to sustain the borough through 2010. If that's the case, Kronowski said, the borough might have to make up the difference in 2011, which could require a further increase in water rates.

"The water department is one service, providing water to customers. There's no room for politics," Kronowski said.