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Residents: O.B. should dissolve utility agency

Officials against absorbing water and sewer authority
BY LAUREN CIRAULO Staff Writer

Frustrated township residents called for the dissolution of the Old Bridge Municipal Utility Authority (OBMUA) recently after officials transferred money from the agency's reserve fund to defray municipal taxes.

At an Oct. 5 Township Council meeting, residents expressed their dissatisfaction with the OBMUA's rates and its \$8 million budget surplus, and suggested the council absorb the authority as a municipal department.

"I'm being billed for what I don't use," said resident Margarite Batista. "The OBMUA is accumulating millions of dollars from residents who are overcharged. There's a way to stop this."

This recent public protest came on the heels of the council's decision to use \$1.3 million from the OBMUA reserve fund and instead use it in the municipal budget to help relieve property taxes.

Mayor Jim Phillips, a Democrat, has said that the transfer is beneficial to the community, noting that the excess money has been prepaid by the same taxpayers, and that, because it is being used in the municipal budget, residents will not see an increase in their municipal taxes.

Republican Councilman Richard Greene opposed the transfer of funds, saying that the OBMUA needs the surplus money for emergency use and to keep water and sewer rates stable in the future. He said that withdrawing the \$1.3 million could have a negative impact on the OBMUA and township residents in the long run.

Like Greene, many residents were opposed to the measure. However, they were troubled by what they considered to be a large amount of surplus in the OBMUA's reserve fund. A total of \$17 million is currently in the fund — \$9 million of which is earmarked for specific projects. The other \$8 million was accumulated from utility rate collections and therefore, according to some residents, belongs to Old Bridge residents.

Citizens first spoke on this issue at the Sept. 14 municipal hearing, but the topic was again raised during the latest council meeting.

"The OBMUA said there has been no increase in rates, but our rates aren't even reasonable," said resident Elizabeth Wulster. "It's not reasonable to charge for twice as much as we use. This has been going on for years, but no one is telling residents that they're being gouged."

Wulster, along with Batista, explained that taxpayers are being charged for the use of 10,000 gallons coming in and 10,000 going out of their homes per month. Both residents believe that this amount exceeds their typical use.

"Residents of the township of Old Bridge, look at your water bills. Do you use the 10,000 gallons each way that's charged?" Batista asked. "If you think you're being billed unfairly, speak up."

Batista called for the OBMUA to be dissolved and suggested the township follow in the steps of other municipalities such as Monroe and Hazlet, both of which have recently absorbed similar authorities.

Hazlet unanimously passed three ordinances that essentially dissolved its sewerage authority in September 2008. By dissolving the independent agency and creating a new sewer utility, the township assumed control of the utility, which is now supported by sewage fees only.

Monroe similarly passed ordinances last January, which dissolved its municipal utilities authority and created a new water and sewer utility under the auspices of the Township Council. Mayor Richard Pucci estimated the township would save about \$500,000 the first year.

"Hazlet and Monroe successfully dissolved their authorities. It can be done with Old Bridge also," Batista said. "The Township Council could oversee the utility budget and fund it through quarterly fees, not monthly taxes. There would be a greater level of accountability and transparency."

Batista also suggested that the township work with its Department of Public Works to employ former OBMUA employees. She said the only officials who would lose jobs would be the OBMUA commissioners, who according to Batista generally hold other full-time jobs. The township would also save money on attorneys, accountants, benefits and stipends, she said.

But township officials aren't convinced that disassembling the OBMUA would be the right course of action.

"[Batista] made a very compelling case. The rate structure should be changed and residents should only pay for what they use," Phillips said. "But as far as dissolving, to me, that's a question mark. We would need further study."

Phillips said his hesitation is in part due to extensive refinancing. He said that in order to dissolve the authority and create a new utility within the township, officials would need to refinance bonds and may lose money.

"I'm not sure how economical that would be," he said. "I don't know whether financing for such a takeover would be prudent at this time."

Greene also believes that dissolving the OBMUA would be a mistake.

"I believe it's being run as an independent authority and it's being run well," he said. "I have an issue with the Township Council taking over an entity when they're having budgetary problems as it is."

Greene said the OBMUA surplus is positive for the community and necessary for the authority to complete certain projects, such as bringing water and sewer to sections of Old Bridge that have not been connected yet.

As far as lowering rates, Greene said that would be a possibility as long as the topic has been thoroughly researched.

"It's a judgment call. For anyone to reduce rates, they would need a full understanding of what's coming in and what's going out," he said. "We all want a reduction in taxes and water and sewer rates, and if it's possible, then that would be a good thing. We need to analyze the budget and create a plan before we do anything, but I'm all for it."

Both officials agreed that the OBMUA has provided dependable services throughout the years and that it would be better to work with the authority than to do away with it.

"The fact is, despite that I disagree with its rates, the OBMUA has been a reliable source of water and sewer. They deliver their services responsibly," Phillips said. "For that regard, they've done a good job. So we should think long and hard before we make such a move."