

**AGENDA
MUNICIPAL COUNCIL
SPECIAL MEETING
Wednesday, July 10, 2019
6:00 p.m.**

1. Call to Order and Pledge of Allegiance.
2. Roll Call.
3. Adequate Notice of this meeting as required by the Open Public Meetings Act of 1975, has been provided by a Special Notice was published in The Home News Tribune and New India Times on June 28, 2019 and posted in the Main Lobby of the Municipal Complex on the same date.
4. PUBLIC HEARING ON PROPOSED ORDINANCE:

Proposed Ordinance submitted by Initiative Petition, filed pursuant to *N.J.S.A. 40:69A-184* on June 3, 2019, to amend Chapter XXVII, “Water and Sewer” (Section 27) of the Township of Edison Code of General Ordinances and providing for the retention by the Township of the ownership, operation, management, control and maintenance of its municipal water and sewer, deemed to have been introduced for first Reading as set forth in *N.J.S.A. 40:69A-190* on June 23, 2019, with a public hearing to be scheduled by Council on or before July 15, 2019.
5. Such other matters as the Council President deems necessary to bring before the Council at this time.
6. Oral Petitions and Remarks
7. Adjournment

EXPLANATION: An Ordinance amending Chapter XXVII, “Water and Sewer,” (Section 27) of the Township of Edison (“Township”) Code of General Ordinances to establish that the water and sewer systems are to be owned and operated by the Township.

WHEREAS, a large and growing majority, amounting to 87 percent of people in the United States served by community water systems, receives water service from a publicly owned utility.

WHEREAS, with publicly owned and operated systems, local governments have more control over decisions that affect the cost and quality of services; development, planning, and growth; and the protection of the environment.

WHEREAS, the public has more transparent and often far cheaper service with publicly owned-and-operated water and sewage systems. A Food & Water Watch survey of the nation’s 500 largest community water systems reveals that, on average, private for-profit utilities charged typical households 59 percent more than local governments charged for drinking water service. In New Jersey, private systems charged 79 percent more than public systems, or an extra \$230 per year.

WHEREAS, the Township’s sewer system has always been publicly owned and operated. The Edison Township Sewer Utility is a large and developed system that serves more than 100,000 people and 3,400 commercial and industrial users throughout the 30.6 square mile community. The utility generated more than \$16 million in revenue in 2014, 2015 and 2016, and had an operating balance of more than \$6.28 million at the end of 2017, according to an Independent Auditor’s Report.

WHEREAS, the Township’s water system distributes potable water to approximately 12,800 residential, commercial, and industrial customers, in a service area of approximately 13 square miles located in the southwest portion of the Township.

WHEREAS, in 1997, the Township entered into a 20-year contract with the Edison Water Company, a subsidiary of New Jersey American Water, to operate, maintain, and manage the water system.

WHEREAS, the Township extended the contract with the Edison Water Company for two years through June 30, 2019.

WHEREAS, the Township issued a Request for Qualifications and Proposals for the operation, maintenance, and management services for the Township’s municipal water and wastewater systems on June 28, 2018.

WHEREAS, Edison Environmental Partners, LLC, a joint venture of Suez Water Environmental Services, Inc. and KKR Global Impact, was the sole responder to the Request for Qualifications and Proposals.

WHEREAS, the Township Council is considering a proposed 40-year Concession Agreement for the municipal water and wastewater systems with this joint venture.

WHEREAS, the proposed 40-year, \$811-million deal resembles similar concession arrangements with the City of Bayonne, New Jersey, and Borough of Middletown, Pennsylvania, with Suez and KKR, where municipal officials were caught off guard by unexpected water rate increases.

WHEREAS, despite a much-touted rate cap, the proposed arrangement details numerous ways that the private concessionaire can increase water rates or apply surcharges to protect its revenue streams. The contract includes sixteen (16) different rate adjustment events, including any time revenue falls below contractually required amounts and any unforeseen event. There are eleven (11) listed unforeseen events in the contract that could trigger a rate adjustment. The proposed agreement prohibits the Township from cancelling the agreement without paying steep penalties.

WHEREAS, the Township believes that it can more cheaply finance capital improvements for the aging systems through municipal bonds, since private financing costs 1.5 to 2.5 times as much as government borrowing, with these expenses passed on to ratepayers.

WHEREAS, ***regardless of the specifics of the proposed agreement***, the water and sewer systems are an asset that the citizens of the Township do not desire to lease, sell, or outsource to a private company, and maintaining public operation and management will ensure greater transparency and public control.

NOW, THEREFORE, BE IT ORDAINED by the Municipal Council of the Township of Edison, Middlesex County, State of New Jersey, as follows:

To effect the foregoing, the Municipal Council has determined to amend Chapter XXVII, of the Code to read as follows (additions are underlined and deletions are in [brackets]):

DIVISION OF WATER SUPPLY.

27-1.1 Division of Water Supply Established and Maintained.

There shall be established in and for the Township, a division of water, to be known as the Edison Division of Water Supply. Upon the expiration of the contract with Edison Water Company that is presently in effect as of the date this ordinance, subject to no additional renewals or extensions, the Township's Division of Water Supply shall retain ownership and commence the operation, management, control, and maintenance of the Township's municipal water system and all extensions and improvements, together with all services relating to such purposes.

The Township shall not exercise its authority to lease or sell its water system or contract with private firms for the operation and management of the water system.

... [NOTE to Codifier. Existing text not appearing herein has been deleted solely for brevity. NO CHANGE] ...

27-2.23 Rates.

The rates charged to any resident of the Township, who shall have attained the age of sixty-five (65) years old, on their primary residence in accordance with paragraphs a. and b. above shall be those rates in effect for calendar year 1996. In order to be eligible for the senior citizen rate for any year, the resident must have obtained the age of sixty-five (65) as of January 1 of that year. The resident must notify the [Water Company] Edison Division of Water Supply prior to January 1 to be eligible for the billing year beginning July 1. [In accordance with the provision of the contract between Edison Township and the Edison Water Company, the rates contained in this section shall be in effect as of July 1, 2005.]

... [NOTE to Codifier. Existing text not appearing herein has been deleted solely for brevity. NO CHANGE] ...

27-2.5 Costs of Furnishing and Installing Service Lines.

The applicant shall pay the [Edison Water Company] Edison Division of Water Supply for the cost of furnishing and installing the water service line between the water main and the curblin based upon the [Edison Water Company] tapping fee schedule in effect at the time of the application.

... [NOTE to Codifier. Existing text not appearing herein has been deleted solely for brevity. NO CHANGE] ...

27-10 SEWER UTILITY.

27-10.1 Establishment; Purpose; Maintained.

There is created and established upon the effective date of this section a municipally owned public utility to be known as the Edison Township Sewer Utility, hereinafter referred to as the "Sewer Utility." The authorized operations of the Sewer Utility shall consist of the operation, management, control and maintenance of the sewer system and all extensions and improvements hereafter made thereto, together with all services relating to such purposes, including the billing and collection of sewer user fees and connection fees..

The Township shall not exercise its authority to lease or sell the Sewer Utility or contract with private firms for the operation and management of the Sewer Utility.

... [NOTE to Codifier. Existing text not appearing herein has been deleted solely for brevity. NO CHANGE] ...

Proposed Ordinance submitted by Initiative Petition, filed pursuant to *N.J.S.A. 40:69A-184* on June 3, 2019, to amend Chapter XXVII, "Water and Sewer" (Section 27) of the Township of Edison Code of General Ordinances and providing for the retention by the Township of the ownership, operation, management, control and maintenance of its municipal water and sewer, deemed to have been introduced for first Reading as set forth in *N.J.S.A. 40:69A-190* on June 23, 2019, with a public hearing set for July 10, 2019. The meeting will begin at 6 p.m. and will be held in the Council Chambers of the Municipal Complex, 100 Municipal Boulevard, Edison, New Jersey.

