

NEWS TOWNSHIP OF WOODBRIDGE

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Mayors of Woodbridge, Clark, & Rahway Renew Call for Rahway Valley Sewerage Authority to Account for Budget Surplus

Mayors' Independent Financial Oversight Committee Identifies Millions of Dollars in Budget Cuts & Savings Including Failure to Open Cogeneration Facility

WOODBIDGE, NJ – Woodbridge Mayor John E. McCormac, Clark Mayor Sal Bonaccorso, and Rahway Mayor James J. Kennedy, have again called on the Rahway Valley Sewerage Authority (RVSA) to adjust the 2010 budget and eliminate the double-digit increase in municipal sewer rates and to allow for a complete audit of RVSA budgeting by the Mayor's Independent Financial Oversight Committee.

The Mayor's of the three largest towns served by the RVSA – Woodbridge, Clark and Rahway – issued an initial statement on Oct. 28, 2009 announcing the formation of the Mayor's Independent Financial Oversight Committee which questioned RVSA cost-overruns and mismanagement that resulted in millions of dollars in increased payments by the municipalities served by the RVSA and submitted a detailed list of questions which identified more than \$2.3 million in potential budget cuts and savings.

The Mayors subsequently requested the RVSA hold the Dec. 17, 2009 adoption of the 2010 budget pending a review of recommendations by the Committee but the RVSA refused to meet with the Committee to evaluate potential cost-savings or to address continued mismanagement that has resulted in annual rate increases that are strangling municipal budgets. The RVSA passed the 2010 budget without consideration of the Committee's request for an independent audit.

According to Woodbridge Mayor McCormac, Chairman of the Mayor's Independent Financial Oversight Committee, RVSA actual spending in 2009 was \$12,998,697 compared to their original budget of \$15,397,000 – spending which amounted to less than 85 percent of the approved budget. The RVSA budget declined in 2010 to \$14,842,500, but remained 14 percent higher than the amount spent in 2009. The Mayor's Independent Financial Oversight Committee determined that the RVSA 2010 budget allowed for the opening of the cogeneration facility on April 1, 2010 – the RVSA now advises that the

cogeneration facility will not open in April and may not open throughout the remainder of 2010 or into the immediate future.

“The budget should be adjusted immediately to remove any costs associated with the non-opening of the cogeneration facility,” said Mayor McCormac. “Every time we asked a question about why the budget was so high, the RVSA Executive Director and Board advised that the budget reflected costs associated with the opening of the cogeneration facility. Since the RVSA significantly over budgeted in 2009 and 2010, and given that the cogeneration facility is not going to open in 2010, the RVSA must review their operational budget which includes more than one-million than they need to operate and return the savings to the municipalities.”

McCormac also called for the 2010 RVSA budget to be amended immediately by the Board of Directors, noting that billings from the RVSA are sent out twice a year (April 1 and July 1) to member municipalities. While the April 2010 bills have issued, the July billing must be adjusted to reflect true costs to the member municipalities.

The Mayor’s Independent Financial Oversight Committee reported that annual rate increases by the RVSA outpace rate increases set by the Middlesex County Utilities Authority (MCUA) for virtually the same waste water treatment services. In 2009, the RVSA increased sewerage treatment rates by 22 percent to \$4.8 million, while the MCUA rate increased by 8 percent to \$2.8 million. Sewerage rates for Woodbridge Township climbed 117 percent – from \$3.1 million in 2006 to nearly \$6 million in 2009/2010. Similarly, Rahway’s sewerage rates increased from \$2.5 million (2006) to \$3.7 million (2009), while Clark’s sewerage rates also increased.

Mayors Bonaccorso and Kennedy noted that over-budgeting by the RVSA in past years resulted in an accumulation of a massive budget surplus which should be returned to RVSA municipal clients and that actions by the RVSA to curtail expenses have been similarly ineffective.

“With pending reductions in state aid, we have done everything possible to cut costs. We cannot afford to be paying more than we need to the RVSA and let them continue to amass a surplus. The member municipalities need relief now,” said Rahway Mayor Kennedy.

“The County, local municipalities, and school boards must keep budget increases to three or four percent, while the RVSA’s budget increased by 14 percent in 2009 and similarly in 2010,” said Clark Mayor Bonaccorso. “The RVSA has amassed millions of dollars in unallocated reserves which should be returned to the municipal clients.”

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