

Hearing for the Proposed Sale of the City Water and Sanitary Utility Systems

This meeting was held on August 19th, 2025 at 7:00pm at 201 Broad Street, Matawan, NJ.

The following were in attendance:

<u>NAME</u>	
Joseph Altomonte (Mayor)	Michael Hanley (NW Financial)
Deana Gunn (Council President)	Stephanie Cuthbert (RVE)
Arlan Feiles (Council Member)	Jeffrey Fedorchak (RVE)
Steve Russel (Council Member)	Julia Amick (RVE)
Suzanne Reynolds (Council Member)	
Charles Ross (Council Member)	
Ryan Michelson (Borough Administrator)	
Karen Wynne (Borough Clerk)	

Public Hearing for the Sale of the City's Water and Sanitary Utility Systems began at 7:50pm with a presentation by Stephanie Cuthbert (Remington & Vernick Engineers) and Michael Hanley (NW Financial). The presentation included discussion of the Water and Sanitary Emergent Condition Evaluation Report and the Financial Evaluation Reports. Mrs. Cuthbert stated the Public Hearing is a step in the process to sell or lease the water and sanitary assets in the Borough but it is not a binding step. Below are questions from the public in attendance of the meeting:

- Deana Gunn (Council President): How many entities have sold their system through the WIPA process?
 - Stephanie Cuthbert: A total of three (3) systems have been sold through this process.
- Charlie Ross (Council Member): If the Borough can only pull a certain amount why did we bond for a third well.
 - Stephanie Cuthbert: RVE was not involved in that decision but it could potentially be because one of your existing wells has reached it's useful life. The allocation of water that is designated to the Borough is not per well it is an overall amount. T&M, your water and sewer engineer, would provide a better answer.
- Joseph Altomonte (Mayor): What town is the Bayshore treatment plant in
 - Response: Union Beach
- Deana Gunn (Council President): To clarify are these improvements included in the Capital Improvement Plan needed or wanted?
 - Stephanie Cuthbert (RVE): The projects included within the plan are not for a "gold plated system" they are projects that will create the biggest impact in order to properly maintain the system. The CIP that was put together was conservative and based on infrastructure that is existing.
- Charlie Ross (Council Member): If nothing else goes wrong, based on the Capital Improvement Plan that was put together, residents will be asked to pay for the \$36 million needed over the next 10 years if we the Borough does not sell the system?

- Stephanie Cuthbert (RVE): Based on our system evaluation, yes, that is what we estimate the cost of maintaining your system will be over the next 10 years. RVE is not your water and sewer engineers, we were brought in independently to do these evaluations, however, our CIP correlate closely with the numbers that your Borough water and sewer engineers have put together.
- Charlie Ross (Council Member): To clarify, are we increasing the debt service by \$2 million a year?
 - Stephanie Cuthbert (RVE): Yes, based on the Capital Improvement Plan, the debt service would increase by about \$2 million a year.
- Charlie Ross (Council Member): Do you take into account the income approach when calculating the expected value?
 - Michael Hanley (NW Financial): Yes, we do include that as a portion of the calculation. We lean on the Comparable Sale as the best method but there is some variability based on the size and condition of each system that has been sold
- Joseph Altomonte (Mayor): Please elaborate on the petition period and what residents can do during that period.
 - Stephanie Cuthbert (RVE): If the NJDEP does confirm that the Borough has an Emergent Condition and can go through the WIPA process to sell the system, the Borough can't do anything for 45 days. During this 45 day period, residents can provide comment and put together a petition to stop the sale through the WIPA process. The number of signatures required is a certain percent of the number of voters in the last election.
- Charlie Ross (Council Member): Within the 45 days, if enough residents sign the petition to stop the sale of the system through the WIPA process, what can the Borough do? within the 45 days if enough residents say no, don't sell the system and they get the petition, what can the Borough do. Does the WIPA allow us to get a larger sale price?
 - Stephanie Cuthbert (RVE): If residents get enough signatures on for the petition to stop the sale through the WIPA process, the Borough can still move forward with selling the system through a referendum which requires residents to vote for or against it in the next November voting period.
 - Stephanie Cuthbert (RVE): WIPA allows for a different valuation of the system that typically does end up in a higher valuation price. Unlike selling through a referendum, the WIPA process allows for negotiation that can also lead to a more favorable price.
- Ryan Michaelson (Borough Clerk): if the petition is successful, and we can contemplate going through referendum or not, that allows the residents to make the final decision if we sell the system or not?
 - Stephanie Cuthbert (RVE): Correct, that process requires residents to vote on the sale.
- Suzzane Reynolds: Petition has to be signed by Matawan residents only? Who verifies that?
 - Stephanie Cuthbert (RVE): Yes, only Matawan Residents are allowed to sign the petition and it is the Borough's responsibility to verify the signatures.
- Abby (resident):
 - Because we are in Critical Area 1, even if we dig more wells we can't use the water that is pulled?
 - Stephanie Cuthbert (RVE): Whether you drill 10 wells or 2 wells, the Borough is capped on the amount of water they can pull from the Aquifer. When you build a new one it could be for a number of reasons.
 - You said conservative when discussing the cost, in construction costs are usually way higher, so if an emergency happens how is it paid for.

- Stephanie Cuthbert (RVE): The capital improvement plan is based off of existing infrastructure and does not include emergency repairs or future development. The CIP is meant to get an understanding of known needed costs based off of existing infrastructure.
 - It seems like you included only the low end of the evaluation, why are both the valuations so close together and not including a higher valuation to try and get more money from the sale?
 - Stephanie Cuthbert (RVE): Because comparable costs are so variable depending on the system, we utilized a weighted average when calculating the expected value. The fact that RVE's valuation and NW Financials' valuation came in such a close range makes us think that we are in the right ballpark.
- John (resident):
 - NW Financial you did the evaluation, but will you be the underwriter?
 - Michael Hanley: No, NW Financial will not be a part of the underwriting for the sale of the system.
 - If it was permitted for a council person to post online saying that the Borough had no intention of selling the system? Then why did we use resident money to pay for the professional services needed to do these evaluations?
 - Deana Gunn (Council President): Nothing has been pre-determined, this is an exploration process. We do not know how much the system will sell for but the point of hiring the professionals to prepare these reports is to get information.
 - Arlan Feiles (Council Member): You quoted me incorrectly. I said that we aren't selling right now, we are in the process of looking into it.
 - Regarding the lift stations, you said that money hasn't been invested?
 - Stephanie Cuthbert (RVE): Based on what we have seen, the Borough has invested in the infrastructure, and the system has been maintained well by the staff. However, the amount of investment that is needed maintain the amount of infrastructure in this system is larger than what the rates/revenue from the customers can bring in.
- Niel (resident):
 - In your opinion, if someone did buy the system, would it affect rates to our advantage? Would our bills go down?
 - Stephanie Cuthbert (RVE): That is dependent on the company that purchases. I don't know of any private company that has come in and reduced rates. They are governed by the BPU and because they have customers all over the region they try to manage rates such that all communities pay similar rates. If your rates need to be increased the increase will be managed in a way that is reasonable, your rates will not skyrocket within the first year for example.
 - I live near the sewer line that is oldest in the area. Will that be replaced?
 - That is something that I cannot answer, that would be decided by T&M or a private company would do if they were to purchase. But if it is failing or there are issues, I expect it would be addressed.
- Enrique (resident of Aberdeen Township):
 - How old are the maps of the Aquifer that are considered to be in the critical areas? When was the last time the levels was looked at?
 - Stephanie Cuthbert (RVE): DEP monitors them regularly and they have seen a reduction in the use but there has been no release of the area. DEP has noted that

the aquifers are getting higher meaning that the critical areas are doing what they are intended to do.

- Joe (resident)
 - Is there any state grant money that can be used to fund that? Lead service line is an example
 - Deana Gunn (Council President): We are actively pursuing grants. We have received \$7 million in grants through this administration. We have received two grants for lead service line replacement but both were taken back by government in DC.
 - What is the total amount of money in grants that you expect can be used for the CIP?
 - Stephanie Cuthbert (RVE): NJDEP doesn't want a system to sell unless it's a last resort. DEP will look into potential grant opportunities to see what grant funding the Borough qualifies for.
 - If we were to go through with the sale, what happens to the employees of our Boroughs water and sewer department?
 - Ryan Michelson (Borough Administrator): We would no longer have the finances to sustain those positions; we could not expect to put the salaries on the tax payers so there may be layoffs. There would be a reduction in revenue (rates), so if we were expected to maintain the same number of employees, we would not be able to sustain that.
 - Charles Ross (Council member): I disagree. I have done the numbers and we are not going to need to fire anyone.
 - If you got \$39 million, what will be done with that money?
 - Deana Gunn (Council President): we are required to pay off the debt of the town first.
- Bill (resident):
 - How much does it cost Matawan residents to maintain the WTP?
 - Charles Ross (Council member): \$6.7 million
 - Do you know what the revenue goes to?
 - Charles Ross (Council member): Salary, chemicals, debt, etc
 - Do we make any revenue from the months we purchase from NJAW?
 - Michael Hanley (NW Financial): You have a rate that you pay for consumption which includes paying for salaries, debt service, water allocation, etc.
 - What is the current debt?
 - Charles Ross (Council Member): \$26 million for utilities
- Charlie (food and water watch)
 - Privatization leads to higher costs and higher rates. They are not here for charity, they buy water systems to make profit which is built into the rates. Corporations put profit over people. Privatization takes away local control and democracy. When voters get the choice, they usually don't sell. So why are you using WIPA?
 - Deana Gunn (Council President): I am not going to defend WIPA but we are going through an evaluation to get pricing and get information. We have a Capital plan to address the needs that is meant to cover our infrastructure needs and maintenance costs. I am voting to get the information.
- Stephanie (resident):
 - Going through the WIPA, we can get more money?
 - Deana Gunn (Council president): Yes, potentially. By not going out to referendum, we could get a higher price through negotiation.

- Stephanie Cuthbert (RVE): there have only been 3 WIPA sales so the sales have been highly variable.
 - Does the valuation include proposed infrastructure?
 - Stephanie Cuthbert (RVE): No, it only includes what is in the ground.
 - If an emergency happens, the Borough can increase the rates as much as you want. NJAW there is control over how much rates can be raised.
 - Deana Gunn (Council President): Council sets the water and sewer rates. We have a plan in place to increase rates systematically to fund the improvements needed.
- Abby (resident):
 - Is there anyone in house that can go through this process? Can we utilize the staff that we have?
 - The state statute requires you get independent advisor. RFI goes out every year to get the financial advisor

Public Hearing portion of meeting ended at 9:46pm. Resolution 25-08-03 was approved by the Council at the meeting.