



THE BOROUGH OF HIGHLAND PARK

COUNTY OF MIDDLESEX, STATE OF NEW JERSEY

221 SOUTH 5TH AVENUE

HIGHLAND PARK, NEW JERSEY 08904

TEL. (732) 819-3787

FAX (732) 777-6006

www.HPBORO.com

June 7, 2018

Dear Resident:

Last year, Highland Park experienced a water and sewer revenue shortfall that must be made up in this budget year. This brought several issues to our attention for immediate correction, namely:

1. Water and sewer rates in the Borough have not increased since 2011, even though our costs have gone up. For example, Middlesex Water Company (our water supplier) has increased rates four times during this period and those costs were never passed along in the billing to our customers.
2. Similarly, in 2015, the NJ Department of Environmental Protection increased the minimum amount of water that the Borough must purchase, which is based on peak demand. We must pay for this water even if we do not actually consume it. Again, rates were not adjusted accordingly.
3. Our infrastructure is aging, particularly our sewer lines, and these cracks in the system can allow for inflow and infiltration of water into the sewer pipes. This water gets processed along with the sewage adding costs to our operations.
4. Water meters throughout town have not been subject to regular updating and replacement. These older meters do not always accurately account for actual water usage, resulting in undercharging in many cases.

Now that these issues have come to our attention we must correct the situation. We are taking the following steps to avoid a shortfall in the future:

1. We are introducing a **new rate schedule** to address the water and sewer cost increases that were never passed on to our residents and businesses for the last seven years. The proposed rates will increase approximately \$48 per quarter for the typical family of four. The new rates for those paying the minimum charge (0-799 CF) will increase approximately \$15 per quarter.
2. A **temporary surcharge** will be added to all water sewer bills in 2018 and will sunset on Dec. 31, 2018. This surcharge will be discontinued in 2019. Due to the fact that we did not hit anticipated revenues in 2017 (as explained above), State law requires that we must make up the shortfall in this calendar year. The calculation is based on actual water consumption in 2017 and will be billed quarterly along with the regular water and sewer bill. The proposed surcharge is \$13 per month for typical family of four.

3. We cannot let this situation happen again. **Moving forward** we will have **tighter controls** on our water/sewer billing and usage. Our administration has identified areas for immediate actionable preventative steps. I have called for a quarterly review of all revenues and expenses. This will bring any problems to the forefront in a timely manner. In the future, we will adjust rates more gradually as needed when costs go up.
4. We have identified some **priority projects** for 2018 into 2019:
 - Going after unaccounted for water - water that the Borough is paying for and is not currently metering. The immediate focus is a large meter replacement program that includes taking over ownership of these large meters.
 - Developing an asset management plan per the Water Quality Accountability Act. This will identify the priority projects for the next five years.
 - Conducting hydrant and valve testing, repair and replacement per the Water Quality Accountability Act.
 - Performing a leak detection survey of the entire water system in Highland Park to stop the flow of unused water.
 - Conducting a camera inspection of select sewer lines prior to any road reconstruction projects. This will provide efficiencies in cost.

Most of Highland Park's water and sewer infrastructure was constructed in the early 20th century. These action steps, and the new rate structure proposed (both the temporary surcharge and the new regular rates), are designed to bring our water system into the 21st century. If you should have any questions about this, please feel free to contact our Borough Administrator, Teri Jover, at tjover@hpboro.com. She and the staff will be happy to answer your questions.

Thank you,

Gayle Brill Mittler
Mayor, Borough of Highland Park