

2012 Sewer User Fee – Frequently Asked Questions

What is a sewer user fee?

The Rahway Valley Sewage Authority (“RVSA”) is an autonomous agency that owns and operates the sanitary sewer trunk system and wastewater treatment facility that collects and treats sanitary wastewater from all properties in Westfield and 13 other municipalities. Rather than bill individual users as other utilities (such as the electric company and the water company) do, the RVSA sends one bill to the Town of Westfield. This bill is based on the aggregate amount of sewage discharged into the sanitary sewer system that services all homes, commercial establishments and other properties in Westfield.

In past years, the Town included the total RVSA bill in the municipal operating budget and paid it in its entirety from municipal revenue sources. For 2012, similar to what our neighboring communities of Clark, Scotch Plains and Cranford as well as other municipalities throughout the state have been doing for years, Westfield will assess its property owners (the “users”) a fee to cover a portion of the cost of the sewage collection infrastructure and treatment services provided by the RVSA.

Why do we need a sewer user fee?

Quite simply, the fee is necessary to compensate for rising RVSA costs (up 39% over the past 5 years), declining revenues to the Town, and the 2% cap on the tax levy.

The 2012 RVSA bill is approximately \$3.6 million. As explained above, that aggregate bill has historically been paid in full by the Town. However, the Town no longer has the resources to continue to fully subsidize this utility service. Just as property owners pay their other utility bills, such as gas, electric and water, they will now contribute towards their sewer bill.

Is the sewer user fee a way to avoid the 2% property tax levy cap?

The sewer user fee is a source of revenue to offset a portion of the aggregate RVSA bill that the Town receives for Westfield property owners.

It is important to note here that Town does not receive all of its revenues from property taxes. For example, in 2011, 35% of the municipal operating budget was supported by non-property tax revenues. However, an unfortunate and very real by-product of the frail economic climate in recent years is that these revenues have been steadily and significantly declining. At the start of 2012, the Town’s non-tax revenues to support the municipal budget were anticipated to be about \$5 million less than they were in 2008.

What happens when non-property tax revenues decline? The property tax levy is impacted, and that impact is capped at a maximum 2% with very limited exemptions. (The tax levy is simply the difference between the anticipated non-tax revenues and anticipated expenditures, or the amount needed to balance the budget so anticipated revenues equal anticipated expenditures.)

In this case, if the entire amount (\$3.6 million) of the RVSA bill was incorporated into the 2012 municipal operating budget, a revenue shortfall or budget gap of more than \$1.3 million would

result. We need the sewer fee, then, to make up for that shortfall in revenues and fill that \$1.3 million gap.

Please be assured that only that portion of the total RVSA bill that is needed to fill the gap is being assessed to property owners.

Why didn't the Town just cut expenditures equal to or greater than the revenue shortfall to fill the gap?

Managing those costs under its control and reducing expenditures is always the Town's first pursuit. The Town has prudently reduced expenditures over the past several years whilst maintaining municipal services and meeting its statutory obligations. Consider that the 2012 budget is actually lower than the 2008 budget. Efforts to control costs include containing personnel costs, the largest piece of the pie. For example, since 2005, the Town's workforce has been reduced by more than 20%. Thirty two full-time positions have been eliminated, 18 part-time positions have been eliminated and 9 full-time positions have been reduced to part-time. Total salaries and wages are now at the same level they were in 2005. In 2012, the Town continued to cut expenditures and look for efficiencies.

Simply put, even with effective (and ongoing) cost cutting measures, the dramatic decline in revenues can no longer be addressed solely by continued cuts in expenditures. To be sure, establishing a sewer user fee was not the Town's first choice; it was a last resort.

What would be the impact of not charging a sewer user fee?

The Town Council is absolutely committed to maintaining the distinct character of the community and the quality of life that Westfield residents deserve. Without the revenue that the sewer user fee will provide, the municipal services that the Town provides to residents would have to be significantly reduced to what the members of the Town Council unanimously determined to be unacceptable levels. For example, a substantial number of police officers and firefighters, as well as other municipal employees who provide essential services, would have to be laid off. (Lay offs do not yield the immediate savings one might expect. If lay offs were to occur, the Town would be liable for paying a large portion of the affected employees' unemployment benefits.) Indeed, the very existence of a paid professional fire department would be jeopardized. Other municipal services such as leaf collection, curbside recycling pickup, and school crossing guards would have to be significantly curtailed or quite possibly eliminated.

How much will I pay for the sewer user fee?

For owners of a single-family house or a multi-family dwelling that is not classified as an apartment building, except for condominiums and townhouses, the sewer user fee for all of 2012 is \$170. Owners of condominiums and townhouses will pay \$135 for 2012. Owners of properties who qualify for a senior citizen or disabled person tax deduction pursuant to N.J.S.A. 54:4-8.40 et seq. shall receive a \$25.00 deduction from their fee. The fee is \$100 for each unit in an apartment building, which will be charged to the building owner. Finally, in 2012, owners of commercial and business properties will pay a \$315 fee.