



WATER UPDATE – FINANCING 08-23-2022

Residents,

We have received questions regarding the financial impact of our municipal wells exceeding the Maximum Contaminant Level (MCL) for PFOA and PFOS. This update will focus on the impact to individual residents who choose to take action prior to the municipal water treatment system being installed and the impact to all water ratepayers who will support the expense of the municipal water treatment system.

Individual Residents Taking Action: Some residents have requested discounts on their water bill to compensate for the expense they have incurred for filtering their water or purchasing bottled water. The Waldwick water system is operated as a self-liquidating utility, meaning that on an annual basis, revenue collected by the water utility is sufficient to meet expenses of the utility. Since the cost to operate the water utility have not decreased since the detection of PFOA and PFOS in our water, we would have to balance any water discounts offered to residents with an equal increase to water rates, resulting in no net benefit to residents. The Borough believes it is best to allow each resident to decide what financial resources, if any, they allocate toward filtering their water or purchasing bottled water.

All Ratepayers Supporting Treatment System Expense: The municipal water treatment system will be comprised of treatment vessels installed near each well site to treat water from the wells. The Mayor and Council appropriated up to \$5,000,000 to pay for the cost of the water treatment system, financed by a loan from the New Jersey Infrastructure Bank (I-Bank). The I-Bank is a state financing authority responsible for providing low interest rate loans to municipalities. These interest rates are lower than can be obtained on an open market. The I-Bank has also approved \$500,000 of debt forgiveness for our loan. In addition, the Mayor and Council have applied \$1,057,990 from the American Rescue Plan (ARP) to the water treatment system project, further reducing the debt that will ultimately be incurred. We will have a better idea on the cost of the water treatment system after the project is bid and a construction contract is awarded. Debt service for the treatment system will be funded by water rates, not the municipal tax rate. After all expenses related to the project are known, including annual operating costs, we may make adjustments to the water rate necessary to cover expenses associated with the debt service and annual operating costs of the water treatment system.

We will continue to provide regular communications on the water treatment system project and PFOA and PFOS in our water. In the meantime, should you have any questions or concerns, please contact the Borough Administrator, Patrick Wherry, at pwherry@waldwicknj.org or (201) 652-5300 x227.