

P U B L I C     H E A R I N G

before

COMMISSION TO STUDY ADVISABILITY AND PRACTICABILITY  
OF FORMULATING AND IMPLEMENTING A COMPREHENSIVE  
WATER SUPPLY POLICY AND PROGRAM, CREATED UNDER ACR 31.

Held:  
October 10, 1968  
Assembly Chamber  
State House  
Trenton, New Jersey

**New Jersey State Library**

Members of Commission present:

Assemblyman Herbert M. Rinaldi [Chairman]

Assemblyman W. Allen Cobb

Assemblyman John J. Fekety

Senator David W. Dowd

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ASSEMBLYMAN RINALDI: Could we please call this morning session to order.

Is Mr. Erber in the room?

Mr. Erber, would you please identify yourself for the record.

E R N E S T     E R B E R: I am Ernest Erber. I am a resident of Elizabeth, New Jersey, and I am Area Director of the New Jersey Committee of Regional Plan Association with offices at 605 Broad Street, Newark, New Jersey.

I am here to present a statement on behalf of the New Jersey Committee of Regional Plan Association, a statement which was really written by Clayton S. Cronkright who is the Vice Chairman of our New Jersey Committee and was slated to testify but, unfortunately, due to the pressure of time with your schedule here on Tuesday, was unable to read the statement and I am here to read it on his behalf, Assemblyman Rinaldi.

I will now read the statement prepared for presentation by Clayton S. Cronkright and he begins also by identifying himself as Clayton S. Cronkright, a resident of Stillwater, Sussex County, New Jersey. I serve as a development consultant to the First Jersey National Bank in Jersey City. I served as General Manager of Area Development for Public Service Electric and Gas Company, until 1966, retiring after 40 years with the company.

Perhaps more than any other field of work, industrial development serves to impress upon its practitioners the importance of ample water resources to the economic and social well-being of a state or region. As a consequence, I found myself involved in every one of the successive efforts to improve water resources in New Jersey during the past several decades. I served on the water committees of innumerable organizations and took an active interest in water-related problems that came before the various boards of state government on which I served, mainly in relation to economic development, conservation and agriculture. I continue to serve as chairman of the New Jersey Area Development Authority, an agency whose program is dependent upon New Jersey being able to maintain its image as a state with a dependable supply of good water.

In the 1950's, I was part of the effort to create the state-owned reservoirs and served as a campaigner in both bond issue referenda, the Chimney Rock proposal, which was defeated, and the Round Valley-Spruce Run proposal, which was approved and carried to realization.

My interest and involvement with water planning has not lessened, as is evidenced by my appearance here today on behalf of the Regional Plan Association's New Jersey Committee, which I serve as Vice-Chairman, under the able guidance of our Chairman, Albert W. Merck.

The Regional Plan Association is a non-profit research and planning organization devoted to the balanced development of the Tri-State Metropolitan Region surrounding the Port of New York. RPA's program was initiated in the early 1920's, and we have been operating under our present name since 1930. RPA's comprehensive plan for the Metropolitan Region, published in 1929-30, and looking ahead to 1965, had a profound effect upon the public and private decisions that gave shape to this region in the course of the last three decades.

RPA is presently concluding a 10-year study which has produced a Second Regional Plan, covering a time span to the end of this century, again a period of about 35 years. A large portion of our research investment of over \$2 million dollars in this plan went into population and economic studies. These have provided us with sophisticated findings that give us penetrating insights into the Region's growth potential, including that of the 13 counties that form the northern half of New Jersey. Our concern with the quantity and quality of water in New Jersey arises, in large measure, from the growth projections produced by our studies.

The New Jersey Committee of Regional Plan Association was established in 1961, to focus on the New Jersey sector of the Metropolitan Region. Our area of interest in New Jersey encompasses all counties between the Hudson and the Atlantic on the east, and the Delaware River on the west, and south to include Mercer and Ocean Counties. If you think it is far-fetched to include Ocean County in our urbanized Northeastern Metropolitan area, permit me to cite its growth rate of 47.3% between 1960 and 1966, during which period it gained 41,000 population by net immigration and 10,000 by excess of births over deaths.

Regional Plan Association's study in 1953-60 on the "Race for Open Space" created the favorable public climate that led to New Jersey's "Green Acres" program. Our efforts to save commuter rail service contributed to the creation of New Jersey's Department of Transportation. Our study of New Jersey's capital needs resulted in the appointment of the Governor's Commission on Capital Needs and \$990 million bond issue to be voted on November 5th. Our study of state water policy did much to focus attention on the issues that caused the Legislature to appoint your commission.

I would like to insert here that we are very grateful for the generous recognition which the Legislature accorded to our Committee in mentioning us in the legislation which established your Commission.

One of these issues, now very much in the public's concern and in the testimony in these hearings, is the construction of a pipeline to bring water from the state owned reservoirs at Round Valley and Spruce Run to the urban centers. I do not intend to pass judgement on the pros and cons of this dispute, but, rather, to deal with the basic policy of state government in water management, of which the pipeline issue is merely symptomatic

The pipeline is not the only water issue in headlines currently. As a matter of fact, water has been in the news in New Jersey with increasing frequency. For a number of years it was in connection with the drought. More recently, it was floods. In between, it is water pollution, as in the recent Rockaway River case, which resulted in a court order banning the issuance of building permits in nine municipalities in Morris County. We hear much reference to the cost of water improvement projects. Has anyone tried to calculate the cost to the citizens of our state of water shortages, flood damage, including the loss of nine lives, and water pollution?

Were a recurrence of drought conditions to result in an order to close down our industries to preserve water for drinking and fire-fighting, the consequent loss in wages, business earnings, and government revenues would mount in a matter of days to sums comparable to the cost of financing the improvements needed to avoid such a disaster. Those on the inside of the fight against the drought of three and four years ago know how close we were to disaster at that time. These conditions can recur at any time. With each passing year their impact will be more devastating because water needs increase constantly

as a result of our rapidly growing population and economy. Population figures show that the State had less than two million people at the beginning of this century. During the next 30 years population had doubled to over four million. As of 1960, it exceeded six million and estimates for 1965 place the State's population in excess of seven million. Within the next 15 years, the State's planners project New Jersey's population at about ten million persons.

Not only has population grown, but statistics show that per capita consumption has increased by about 25% between 1930 and 1960 in the heavily populated northeastern portion of the State where two-thirds of its population is located. Similarly, every other portion of the State is experiencing an upward trend in per capita water consumption. Prospects of continued affluence and an increase in ownership of water using appliances, and the trend toward high-energy technology, which requires vast amounts of water for cooling, point to an increasingly greater per capita use in the future. Thus we will have more people and each person will be using increasing amounts of water.

We take courage from the knowledge that there are many projects underway that promise relief:

The Army Corp of Engineers is involved in an interstate Northeast Water Supply Study.

The Tocks Island dam project moves along with all deliberate speed, though its estimated costs rise and Congress threatens to reconsider the Federal commitment.

The Army Corps and our Department of Conservation and Economic Development have proposals on the drafting boards for flood control on the Passaic River that will cost some half billion dollars or such other vast sums.

The long-discussed Crab Island Dam on the Raritan is still in prospect.

The reclamation of the Hackensack Meadowlands will probably create a new inland lake for water supply and recreation in Bergen and Hudson Counties.

Commissioner Roe's staff has mapped a series of smaller reservoirs for state acquisition and development, especially in Morris, Somerset, Hunterdon and Warren Counties, though each stirs up a storm of local opposition and controversy. While the Department plans and discusses, without funds to acquire, land costs skyrocket and development in reservoir sites continues.

We note, therefore, that there are many agencies and many projects that promise some relief, provided they are realized and that each project is a logical piece in a larger jig-saw picture. The work of these organizations, public and private, deserve the respect and commendation of the citizens of this state, most of whom take potable water supply for granted and voice their feelings only to register complaints when a shortage threatens. The public is mostly unaware of the many able public servants at the state, regional and local levels who serve it in maintaining a supply of potable water, such as the outstanding performance of our Director of the Department of Conservation and Economic Development, Robert Roe, during the drought emergency.

It is likewise unaware of the far-sightedness and management ability of our private water purveyors, such as the Hackensack Water Company, the Elizabethtown Water Company, and others, or our municipal systems, such as Newark, Jersey City, the Passaic Valley Water Commission, and smaller ones. Few realize what a debt of gratitude we owe to the city fathers of these municipalities for their far-sightedness a half century ago or more in going up into the then distant highland wilderness and buying vast watersheds to create reservoirs to supply their cities' needs.

Would only that the Legislature, I might say, have that farsightedness and vision today looking toward the decades ahead.

But having listed all of our assets and potential assets, we find that when put onto the scales against our current and future needs, they are sadly and alarmingly lacking, because there is no overall comprehension and no direction of total resources to meet total needs. In short, gentlemen, we desperately need total water management - - and only state government has the authority and resources to provide it.

This is the essence of the policy statement set forth by the New Jersey Committee of Regional Plan Association. We claim no copyright on this concept. As with every common sense solution, it is arrived at independently by many objective students of the problem who seek rational solutions without the distorting bias of special self-interest. We are, therefore, pleased that our views correspond in the main to those of the Lillienthal Report, prepared for the Commission on Efficiency and Economy in Government, the Dexter Report, prepared for the Department of Health, the publicly-expressed views of Commissioner Roe, and the published proposals of at least one leading private water engineer.

In short, gentlemen, this state needs an overall water policy, spelled out in a state master plan for water management, including potable water supply, pollution control, flood prevention, and water recreation.

This is neither a novel nor unique idea. In many states of the union, they would as soon seek to manage their affairs without laws and courts as they would without a state water policy, master plan and agencies with authority to make them effective. Upon examining the list of those states, we find that most of them are in areas of little rainfall, where comprehensive water management becomes a condition for survival. This observation provides us with the clue as to why we have tolerated such a chaotic condition in the use of our water resources - - we have been blessed by nature with a

supply of water that was so abundant that we could indulge in the wastefulness of uncoordinated exploitation of our resources.

With an average annual rainfall of 45 inches and well-located aquifers to maintain a high water table, previous generations could not conceive of a situation in which our water supply, even in a drought year, would not meet all possible needs. There was no rational reason, therefore, to institute total water management. This feeling continued to influence men's minds long after it had ceased to be literally true. Thus in the 1950's, when the handwriting on the wall was already quite plain as post-war growth pushed against previous water supply capacities, many political leaders, with considerable public support, resisted the proposal to have state government build reservoirs with the cry "keep state government out of the water business." Their retarded comprehension of then current needs, and their even more woeful understanding of future demands, contributed to the compromise in the Legislature to authorize the Round Valley and Spruce Run projects but to prevent the state from transmitting the water to where it was needed, resulting in the irrational policy of "we will build the reservoirs, but let those who need the water come and get it."

This policy is patently inadequate. Its bankruptcy is attested to by our recent years of water shortage alternating with devastating floods and a chronically worsening pollution of our streams.

We need a state policy that gives the citizenry of this state what the man-in-the-street means when he speaks of good water control:

- a) that the water that comes out of his faucet be of good quality and in reliable supply;
- b) that the streams and lakes be clean for swimming and fishing, and, at a minimum, that they not smell of sewage;
- c) that residents of our valleys live in safety from flooding; and



d) that our workers enjoy security from interruption in employment due to shutdowns or plant removals caused by either water shortages or floods.

Is there a single member of our Legislature who would deny the rationality and reasonableness of these objectives? Yet in the light of our present conditions these objectives seem almost utopian.

Certainly, it cannot be that these objectives cost more than we can afford. Even if we were not one of the most affluent states in the union, which we are, we could not afford to tolerate the present situation because it threatens our very survival as a modern society.

Can it be that we lack the leadership capability to overcome our inherited shortcomings? Is it that our leaders prefer not to face the opposition of vested interests or shy away from telling the voters the truth about our problems and the costs of remedying them?

As we vote for the largest bond issue in the history of our state, three times its total present indebtedness, there is not a cent allocated for water supply, pollution abatement or flood control. Perhaps, as the prophet of old said, there is a season for everything, and wiser heads decided that this is not the season for a water bond referendum. But, obviously, it cannot be because water is less vital than transportation, or colleges, or housing. It must, therefore, be justified by considerations of expediency in educating the voters to the need for the expenditure. If this is not the year, we had better plan right now when a water bond should be proposed and begin the process of public education.

This education process must achieve two objectives: (a) inform the public how wretchedly inadequate is our present arrangement for water management - and I don't think it will be improved by any Rube Goldberg pipelines around cities, etc., I think this is just moving in the same old track which does not come to grips with basic long-range planning - or (b) lay down the postulates and spell out

the framework for total water management.

It should not require too strenuous an effort to convince the public that our water policy is not all that it should be. The readers of our press who have followed the frustrated efforts of the North Jersey District Water Supply Commission to line up all the balky municipal horses in the starter's gate for the great cooperative pipeline derby have had a bewildering portrayal of how we treat water, which along with air and land, is essential to human existence on this planet. Observing this great public Donnybrook over building the pipeline confirms the observation once made by a sage wit that history repeats itself, first as comedy, then as burlesque.

The postulates and framework for a policy for total water management can also be set before the public with simplicity, if we relegate the inherent complexities to the successive stages of formulation in detail. Much of this detail is set forth in the Lillienthal and Decter reports, with the former stressing the planning process and the latter dwelling on the structure, function and allocation of powers in the administrative side of water management.

Now these are two reports that the taxpayers' money paid for. They're here and I think, again, they have a wealth of solid fact and of expert knowledge and I don't think they should gather dust as so many previous reports have.

In the initial state of policy formulation, there is great merit in setting forth a water policy in the terms of Regional Plan's policy statement issued by our New Jersey Committee in July 1967:

1. Water, as a common denominator of human existence, is indisputably in the public domain. Its critical necessity to daily life makes of water an extraordinary commodity justifying extraordinary measures to assure its quality and availability.
2. State government has constitutional authority to exercise control over water on behalf of the general welfare. The critical nature of the commodity and the complexity inherent in its management makes it inadvisable to delegate its power without overall plans and programs, whether to local government, special purpose agencies (authorities, commission, etc.) or private utilities.
3. Public responsibility must encompass transmission of supply as well as ensuring adequate impounded surface storage and protection of surface and sub-surface supplies. The adequacy of water supply is meaningless when not available at customary places of use. The water policy which created the State's first reservoirs should be expanded to include State responsibility for allocation of water and its transmission to reasonably convenient points for subsequent distribution by others. The exercise of such responsibility by the state need not disturb present ownership patterns of storage and distributive supply facilities. It does require the State to assure the availability of water locally, through existing facilities where they are adequate or through additional facilities where they are needed.
4. Central coordination of the State's administrative structure for water management is essential for "total water management." Responsibilities allocated to the Departments of Health, Conservation and Economic Development, and Agriculture and such semi-autonomous state agencies as the North Jersey District Water Supply Commission, should be coordinated by a single arm of state government concerned with both supply and pollution control. Such a central coordinating agency should relate its decisions to the State's comprehensive planning functions, especially with regard to land use controls.
5. Local participation in water management should be provided through watershed or valley agencies, possibly composed of county and municipal representatives. Such agencies would have power within their jurisdictions in accordance with state policy and the state master plan.

A policy plan for the long-range, orderly development of water management based on the foregoing policy objectives should be prepared and adopted by the

Legislature. I repeat that, and this is a very essential point because unless it's prepared and adopted by the Legislature it becomes subject to each change of administrator or administrative board. Such a policy should (a) set forth objectives; (b) allocate responsibilities and powers; (c) provide for the adoption and updating of a master plan which should include, but not be limited to, a program for storage, transmission, pollution abatement, drainage, flood control and water recreation, including reservoirs, streams, trunk lines, interconnections, treatment facilities, sewerage systems, water quality, etc., to be administered by an appropriate state water agency; and (d) devise a fiscal program to meet the costs of capital investments, including long-term reservation of reservoir sites, and maintenance and operation of public facilities, including the allocation of assessments and charges to the various public and private beneficiaries.

A model for "total water management" exists in the Delaware River Basin Commission. I believe your Chairman read this into your record yesterday from a previous statement of ours and I will skip that and come down to a current situation and say:

However, the urgency of the situation dictates action on those crucial projects which we know are essential and which cannot be postponed without jeopardizing them.

In testimony before the Governor's Commission to Evaluate New Jersey's Capital Needs in March of this year, the following points were made on behalf of our Committee:

1. We must secure as many of the needed reservoir sites as funds will permit in order to preclude their development for other uses.  
  
This assumes that studies to date by the Department of Conservation & Economic Development have listed them on a priority schedule for acquisition, based on a site's potential yield and greatest imminence for development. We also assume that such studies and data are available to document Commissioner Roe's proposed \$230 million bond issue for reservoir acquisition and construction. If the amount made available immediately is less than Commissioner Roe's figure, it ought to be adequate to secure the sites and begin engineering work, leaving construction to a later date.
2. Sufficient state funds should be made available to permit the immediate construction of the transmission line to bring water from Spruce Run and Round Valley reservoirs to the densely populated centers of northeastern New Jersey.
3. Funds should be available to construct the facilities needed to tap Tocks Island reservoir for the full amount of water allocated to New Jersey by the Delaware River Basin Commission. Funds are needed for engineering, acquisition and construction to accomplish this in keeping with the Tocks Island project construction schedule.
4. Investment in sewage treatment facilities to raise the quality of water in our streams will preclude the need to use as much potable water for dilution of waste effluent. According to State Health Department staff studies, there is a need for \$750 million in state and federal money for water quality control over the next seven to ten year period. The Federal Water Pollution Control Act, as amended in 1966, authorizes appropriations totalling \$3.4 billion through 1971. It is necessary to have available, at least, New Jersey's matching funds.

In summary, past experience has caused the people of our State to take for granted the ready availability of good quality water, since we have always been able to turn on the tap to obtain it. Experience during the last drought, however, demonstrated the potentially disastrous consequences such an unwarranted assumption could have on our daily lives and the economy of the State.

Water has been called the common denominator of human activity. As the pressure of demand upon resources increases, so will conflicts of interest in water use and management. It is the State's responsibility to see that present and future users are protected by assuring an adequate volume and a fair division of supply. Proper water management is integrally related to adequacy of capital funds for water facilities. But, to begin with, the Legislature should adopt a policy for total water management and enact a basic plan, both physical and fiscal, for its realization.

Thank you.

ASSEMBLYMAN RINALDI: Mr. Erber, do you have any additional comments that you would wish to make to compliment that very fine report?

MR. ERBER: Thank you for the compliment, Mr. Chairman.

I would only say that I am no water expert. You've heard many outstanding water experts and you will probably hear from more today. I don't think the State lacks in water experts. I certainly know that the men who have served the State in a technical capacity are highly qualified, and when

I hear people like Oscar Wilensky testify, as I did here the other day, - he probably has forgotten more about water law than I will ever hope to know, so that what I wish to stress here is that the understanding which we bring to this problem is really within the larger domain of public policy. And within this larger domain I feel in this problem as in others that we have been concerned with, such as the problem of reclamation of the Hackensack Meadowlands, and so on, the problem that holds us up is not technical, the problem that holds us up is the kind of public leadership which is needed at the State level. And I understand the problems of those who are in the Legislature because they are only the servants of the public will and they cannot go further than the public is prepared to move in its understanding of the problem.

But it always reminds me a little bit of the old debate about why we get such poor movies out of Hollywood, and Hollywood says, "That's what the public wants and that's what we give them." Well, no one ever has the chance to test the public and see whether they won't perhaps respond to something of greater quality.

What I'm really looking forward to is a leadership from your Commission, gentlemen, from the Legislature, which put before the public the bare facts of what we face in this State on water, and treat them not as infants but treat them as grown men and women and tell them what it's going to cost and tell them that you can vote it up or down but these are the consequences whichever way you do it.

I think if we have that kind of leadership in the

Legislature, I have great hope that we can find a way through to the kind of policy that will put us way beyond where we are on the kind of, I think, almost circuses that we've had in the court disputes between conflicting interests that are really leaderless and without a plan in terms of the larger picture.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Erber.

I would just like to make a few comments. I have no particular questions, just a few comments. With respect to the sources that you quoted from, namely, the Decter Report, the Lillienthal Report, and other reports, I might say those reports have certainly been looked into by this Commission. They are all right here at our fingertips. These have been, we feel, good sources and I think we will continue to refer to these reports, in fact we've quoted from these sources, into the record, these past few days.

You do present some very interesting thesis. You state that you feel it's the Legislature's responsibility to adopt a plan.

Now Commissioner Roe indicated the other day, in his testimony, that 95 percent of the planning had been done. I think he used his statistics. I think I remember them correctly. And that, of course, planning is obviously an on-going process which must be constantly viewed and which one must constantly address itself to.

It would appear that Commissioner Roe would feel that the Legislature doesn't have to formulate a master plan at this time, the master plan has probably already been



formulated by his Department. I don't know if I'm parralleling his thinking. He, of course, made many suggestions for the Legislature to implement, if you will, the plan that lies within his Department and is an on-going process.

You raise an interesting aspect of the element of cost, and this is something, of course, that's been part of our deliberations these past two days and obviously cost is a most essential item although I think we will all conclude not the only item.

You raised a very interesting aspect of cost and you go into the element of cost in terms of damages and cost in terms of industrial output being curtailed, cost in that area rather than just the cost of building reservoirs and the cost of building pipelines and the cost of buying water. So there are two aspects to the cost element, not only the actual out-of-pocket expenses but the actual out-of-pocket losses. And perhaps when we look at the costs as promulgated by the Governor's Commission, which they say minimally are in the vicinity of \$92 million, that indeed is not that tremendous a sum when related to the costs that could be incurred from one flood which would ravage the Passaic Valley Basin or one severe drought which could curtail industry, and we apparently were at that verge according to Commissioner Roe.

But you also point, I think, very well to the fact that the State can work side by side with the private sector and I think, speaking for myself, that's a very valid thesis.

You also said that perhaps we're too lucky in New Jersey, maybe we have more water at times than we need and then when the drought comes we panic and we don't know what to do with the problem. Maybe it goes back to what Stuart Udall said three years ago when he visited New Jersey at the height of the drought - of course, Mr. Udall, our Secretary of the Interior, comes from Arizona and they know what to do with what little water they have, and I believe Mr. Udall said, "You fellows have plenty of water, you just don't know what to do with it." That perhaps relates back to your thesis of total water management.

And I would like to just comment further. You use a word that has been a constant thread throughout these hearings and I mean the word "Coordination." And that may well be the basis of the problem that exists in New Jersey today. We have a lot of good ideas and a lot of good people working in the right direction, now let's make sure we can coordinate that effort in a manner which will best serve the needs of the State.

I have no questions.

MR. ERBER: Might I ask one small fact, Mr. Chairman, with reference to the matter of loss. We, of course, think of it only in terms of saying, did a plant shut down or did a plant move. What we don't think about is the loss of our potential in attracting industry to this State.

Over the years New Jersey had a reputation as being a water-abundant state, and anyone that wanted to locate in a state and wanted to operate an industry that required large

amounts of water knew that they could come to New Jersey and they'd be safe in the sense of an adequate water supply.

But I would like to say, let the word get out nationally that this is a water-scarce state and you will find that we will lose a tremendous number of potential plants and jobs that would otherwise come here.

I want to direct the attention of your Commission and your researchers to the data turned out monthly by the New Jersey State Department of Labor on employment by category. We have been gaining in employment in this State but if you look down in the categories, we have been actually losing in industrial employment. This is made up for by increased employment in retail, in services and in government - because government includes teachers and all the other local employees needed to service a larger population, but we are losing - of course, part of this is a national trend because the national labor force is becoming increasingly white-collared and less blue-collared and it takes fewer people in industry to put out the same amount of product. So that there is a shrinkage of the blue-collared labor force.

However, in the findings of a regional plan study of the New Jersey, New York, Connecticut metropolitan region, we find that New Jersey is the most favorably situated of all the sections of this region in attracting new plants and new industry and we have the greatest growth potential. But we can exploit that potential only if there is a feeling on the part of an industry that we have a safe and reliable water supply.

So I would like to say here that if we want to talk to the average voter, the taxpayer and the employee, we ought to speak to him in terms also of the tax ratables and the jobs that we have to attract to this State and that water is essential to that, and if we don't get the water we will forego that great gain.

ASSEMBLYMAN RINALDI: Thank you for those additional comments, Mr. Erber.

Assemblyman Cobb, do you have any questions you would care to ask of the witness?

ASSEMBLYMAN COBB: In your report, Mr. Erber, you mention the Tocks Island Reservoir and your recommendation is that funds should be available to construct the facilities needed to bring this water to the areas that need it. And you also mention that the allocation is made by the Delaware River Basin Commission.

Might I ask about how much water would be available to this State from the Tocks Island Reservoir?

MR. ERBER: I don't have that figure available, sir. The allocation originally was made by Supreme Court decision between the states and it's considered adequate to meet all of our needs past the year 2000. This is the way it's usually put, in terms of what our needs will be by 2000 and the supply from the Delaware. I don't have the exact million gallon figure on that.

ASSEMBLYMAN COBB: I like your answer because I wasn't interested in million gallons per day, I was interested in the supply that they have and how it would

affect our needs. When you say the year 2000, you mean over and above our present water resources.

MR. ERBER: Right. In other words, sir, if I might put it this way, if we had the Tocks Island supply now, if we had built the transmission facilities, we would be assured of an adequate supply of water to the year 2000 and we could relax about it. But what I am concerned with is that we move on this in time because, you know, between the actual letting of the contract for an engineering firm to begin to go to work and by the time you can turn on the tap and get that water, you can count on at least ten to twelve years. So that I would not like to see a situation where Tocks Island is available and we are so far behind that we're not able to take advantage of it.

ASSEMBLYMAN COBB: The subject has been mentioned and it's good sound reasoning that the State should acquire water reservoir sites while they are available because they disappear rapidly because of the rapid growth of the State. And I am thinking now, when you say that the Tocks Island would take us to the year 2000, how does that fit in with the other reservoirs that other witnesses have said should be acquired? I can readily understand that Tocks Island is in the extreme western part of the State of New Jersey, in fact it's right on the borderline of a couple of other states, and I was thinking of the transmission cost of this water. Would it have to be all by pipes or would it be by natural flow in some places through the present stream beds?

MR. ERBER: It would be a combination of those, yes.

Of course, here again, as I say, I plead not being an expert and I do not want to get into the province of the water engineer in planning the supply, but I would just like to make these two points, one, that when the figure is used that Tocks Island can supply our needs to the year 2000, we are assuming that it would be available in addition to the full exploitation of our own resources; secondly, there is also a question of how you would distribute the water throughout the State and, of course, the water is usually moved from one reservoir to another. It has to be held in strategic locations. So that I don't conceive of this as just being a one pipe shot from the Delaware to a local area. And these other reservoirs would play a role in this holding system.

ASSEMBLYMAN COBB: I think your report is most excellent and a great deal of thought can be given to these very fine suggestions.

Thank you very much.

MR. ERBER: I appreciate that.

ASSEMBLYMAN RINALDI: Senator Dowd, do you have any questions?

SENATOR DOWD: I have no questions.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: Mr. Erber, I too agree that your report is very thorough. As you know, this State is having three bond issues up at the next election and I am very optimistic about it, but your organization has done quite a bit of detailed study on this, - have they done

any evaluation on what is the feasibility and possibility of the citizens of this State buying a \$250 million bond issue for water?

MR. ERBER: Sir, we work very closely with the staff of the Commission to Evaluate the Capital Needs and, of course, by saying "work closely" we gave them the benefit of our own research. Their conclusions were their own and ultimately their own Commission's conclusions were its own. But we did feel that the arguments advanced in the report of that Commission were sound. They stated - I don't like to use figures to shock but, of course, we read their figures and we weren't shocked because we had had advance knowledge of this from our own study, but they said that this State could spend up to \$5 billion to maintain itself as a first-class state. Of course, a lot of people today are saying we really should be fighting to maintain our status as a second-class state, because if you look at the statistics, you know. 49th in the amount of State aid to education; 48th in this, I think as Jerseyans we all feel uncomfortable when we compare Arkansas and Alabama and Mississippi. The only place we stand out is, when you read the list of the average personal income of the residents of New Jersey, we're 7th amongst the states in that and, of course, we are today still the lowest taxed, our citizens are the lowest taxed citizens in the United States on the basis of income. We pay less per \$1,000 of personal income to local and state government combined than the residents of any other state in the Union.

Now this has to be brought home to the citizens of

our State. If they were to understand this, I think that there would be a much greater receptivity to approving bond issues. Everyone sees his taxes only in terms of what goes out of his pocket and how it compares to what he spent on taxes a year ago and ten years ago, and every one of us feels we're being robbed by some wasters up in government who are spending money recklessly. But I think that if we were able to get this picture across it would help the citizen.

I remember I did local planning in the City of Clifton and those of you who know municipal fiscal situations know that Clifton has had the extremely good fortune and also I think some wise planning and management steps to achieve one of the most favorable local tax rates in New Jersey. It's really a bonanza for a taxpayer to own a home in Clifton. Yet when the budget was up and taxes would go up a couple of points, you would have to move the Council hearing to the high school auditorium because of the outpouring of taxpayers who were indignant. Now they didn't think of the fact that they were favorable as compared to all the neighboring towns, they only thought of how it compared to what they paid last year.

Well I think this is the problem with our taxpayers in terms of something like a water bond referendum. They'll say, well we voted this referendum, we have a sales tax, we have this. They only see it in terms of where they were before. Someone has to tell us all, tell those of us as voters and citizens, that we've been kind of living in a



fool's paradise. We've been enjoying great, great advantages in this State and compared to other states we've really been paying very little.

Now if that ever gets across to the voter, and it hasn't yet, I think that there will be greater receptivity for a bond issue on water.

ASSEMBLYMAN FEKETY: Will you do me a favor and come back to my district and tell that to my taxpayers?

MR. ERBER: I'd be glad to. I would be glad to tell it to them because I don't have to run for re-election and I am very well aware of the problem that you gentlemen who have to run have because you are up against this great gap in public understanding of what's involved.

ASSEMBLYMAN RINALDI: This, of course, gets back to something that the Decter Report pointed out and this source quoted, namely, that planning for things such as water can be done least effectively at the lowest level of government, namely, the municipal level because perhaps they lose their objectivity, they're too close to the source of the vote. And it's a very interesting comment.

Thank you very much, Mr. Erber, for your very fine comments and observations.

MR. ERBER: Thank you for this opportunity to say our piece and we look forward to great things from your Commission.

ASSEMBLYMAN RINALDI: Thank you.

May I call upon the Morris County Utilities Authority Representative.

Would you please identify yourself for the record?

P E T E R     H O M A C K: Yes, sir. My name is Peter Homack, President of Elson T. Killam Associates, Hydraulic & Sanitary Consulting Engineers in Millburn, New Jersey.

I would like to speak this morning for Morris County, specifically the Morris County Municipal Utilities Authority, and also make a few remarks for the benefit of Monmouth County.

ASSEMBLYMAN RINALDI: Do you have a formal statement, sir?

MR. HOMACK: Yes. We have prepared a formal statement which I would like to submit to your body rather than read this. I don't want to take as long as Mr. Erber.

ASSEMBLYMAN RINALDI: Could you go through the highlights, perhaps.

MR. HOMACK: I intend to do just that.

ASSEMBLYMAN RINALDI: And it will, of course, be appended to the record verbatim.

MR. HOMACK: We would like to leave with you today the statement prepared for this Commission dated October 10, 1968 -

ASSEMBLYMAN RINALDI: Excuse me, may I interrupt you? Do you have some copies available for our immediate examination?

MR. HOMACK: Yes, sir, I do.

ASSEMBLYMAN RINALDI: Thank you. Continue.

MR. HOMACK: In addition to the general statement

that has been prepared, we have a Statement of Policy that the Morris County Municipal Utilities Authority prepared on October 9, 1967, on which I will again just hit the highlights and not read the entire statement; one prepared by the same Authority dated April 5, 1966; and a report prepared for the Authority upon The Long-Range Plan for the Development and Utilization of Water Supply Sources by the Morris County Municipal Utilities Authority, dated January 10, 1966. (For above, see Appendix, page 38 to and including page 72)

I would like to say, first, that this morning we would like to spell out briefly why the Morris County Municipal Utilities Authority was formed, the objectives of this Authority, what it has accomplished to date, some of the problems it now faces, and then, perhaps, answer any questions that you may have.

I think when I relate the history of the Morris County Municipal Utilities Authority you will see how important it is for the State of New Jersey to consider a total water management plan as outlined by Mr. Erber.

The Morris County Utilities Authority was formed actually as a matter of self-defense and self-interest, back in about 1958. At that time Jersey City had applied to the Water Policy and Supply Council for rights to increase their yield, their safe yield, from the Rockaway River System from about 70 million gallons daily, which is reported to be their present safe yield from Boonton, to about 84 million gallons daily. They proposed to construct a reservoir up in Longwood Valley. They testified before

the State Council as to their needs and as to the details of the reservoir proposed to be constructed, and particularly the urgency of making this supply available to Jersey City.

Now Morris County opposed this application. Morris County argued that they needed this water. Evidence was produced to show the tremendous potential of growth in Monmouth County and the needs of water in the future. And after some two years plus, possibly three years of hearings, the Council ruled that Jersey City was entitled to the entire 84 million gallons per day; that Morris County, who pleaded to purchase some of the water rights to share in the cost of this project, to have some equity in this development because of the need for water, was denied rights to any water. The matter was carried to the Supreme Court and the Court ruled that Morris County had a right to all surplus waters that might be derived from the Rockaway River System and rather specifically stated that whenever there was flow over the Boonton Reservoir Morris County could use this water.

Now, why did the County take this action? The County took this action because of the fact that the individual municipalities that were self-sufficient, were apparently self-sufficient I should say, but had their own well systems had no interest; other communities that were known to have no sub-surface supply were very much concerned that the water was "being stolen from Morris County'" being transported long distances. The County really

needed this water for their own requirements, and there is no question that they do.

But here was a county confronted with a problem. There was no plan, everyone was on his own in those days and I guess they are today, the development of their own water supply, - get whatever you can, get rights, they're very valuable, and develop these and not only do you have a water supply but sometimes it will provide an income. This seems to be the water situation in New Jersey.

I might add that ten years later Jersey City has not built the Longwood Valley Reservoir yet. Their water consumption did not go to 70 million gallons, as was predicted; as a matter of fact, I think it averaged about 52 1/2 million last year. In our opinion, we don't see the need yet for 34 million gallons in Jersey City but we know that the County requires additional water.

When we brought these points up to the Water Supply Council, the county was told that they opposed all water projects that they should go out and develop their own, that they should develop their own water systems and build reservoirs, build water systems, not hold back people who are making progress.

So the county formed their own water authority and developed these sources of supply for the needs of the communities. They set forth a statement of policy which said in effect to the communities of Morris County, we do not intend to take away your water supply, we don't want

to get into the water business in terms of distribution within each community but we will endeavor to develop those supply sources which you as an individual community alone cannot do, we will buy land for a reservoir that may embody watersheds and land area that encompasses two or three or more communities, water that one community alone could not use that may be sufficient for four or five, and that we intend to deliver water, transmit it throughout the county on a wholesale basis with the cost to be based upon our actual costs and, therefore, we will supplement your supply. This they said to those communities that say, we don't need water, we've got plenty. To the other communities that were in short supply, this was a hope.

And this basically was the objective of the Authority. And during the last ten years this Authority has spent considerable money in endeavoring not only to develop a plan but to develop a water system within the confines of the boundary utilizing watersheds for the development of both surface and sub-surface supplies.

The County has appropriated over \$3 million for the acquisition of reservoir sites. A substantial part of those monies have been expended in the purchase of lands to develop four sources of supply. But prior to taking this action the county presented these plans to the State, they presented the reports, some of which I have brought with me this morning, the concept, the objectives, to Commissioner Roe and the State Water Policy and Supply Council. These plans were endorsed, the county was encouraged, the county

is proceeding now to acquire these sites. And I might add that these sites are the Tourne Reservoir Site, which will be located at Mountain Lakes in Denville, and surplus waters from the Rockaway River will be pumped into this water supply storage reservoir.

It is the county's hope to integrate this surface supply with the sub-surface supplies which are very seriously dwindling from Morris County.

The second reservoir site would be located in Washington Valley. This would be an on-river dam with the reservoir located primarily in Morris County.

The third source of supply would be in Succasunna. This would be basically a sub-surface source of supply with recharge provided to recharge the ground water table.

The fourth source of supply would be a small storage reservoir in Mt. Olive, known as Pulaski, in which water would be pumped from the Musconetcong River and ultimately pumped from the Saxton's Falls Reservoir when and if it is constructed by the State.

I might add that in presenting these plans to the State we pointed out that these are relatively small projects, the yield might be as little as 5 to possibly as high as 8 to 10 million gallons for each one of these reservoirs. We pointed out that it was only a portion of the long-range water needs of Morris County and that we looked forward to the supplemental major supply sources that have been talked about for so many years and that we hoped would come to fruition, namely, the pipeline from Tocks Island, the considered reservoir

at Hardscrabble, Stoney Brook, and Bartley, among others that the State, Commissioner Roe, has indicated.

In addition, we attempted to illustrate to the Water Policy and Supply Council and Commissioner Roe that our plans envisioned interconnecting pipelines, that we could transmit the water from these reservoirs and have pipelines available to take whatever water, purchase whatever water, if you will, from the State or whatever agency may develop. Again, the type of reservoir that Morris County, for example, could not construct.

So, therefore, the County was put in a position some ten years ago of endeavoring to develop a supply to protect the communities within Morris County and the need for these reservoirs is here and the County hopes to start construction on one or more in the very near future. As a matter of fact, several test wells have been installed this summer with the intention of developing one of the four sources of supply in the near future.

Now I might add that the County has been confronted with many problems. They have been confronted with the fact that some communities say, well we have all the water we need. And this was so in the early years of the formation of the Authority. But through the years, as the water table declined in the great well fields in the eastern part of the County, the communities have come back to the Authority and said, what can you do for us? Madison is in serious trouble. Chatham, likewise, is concerned with the fact that the water table has declined. Morristown has requested



additional water from wells and the Water Policy Council has had to put limitations as to pumping.

As a result of this the County Authority is considering plans of recharge which would be worked in conjunction with the development of these surface supplies.

But the problem that has developed is that heretofore no one was concerned with these declining water tables.

As a matter of fact, the City of East Orange was granted permission to come into Morris County and sink wells, which they have in Florham Park, and they divert and pump the water into East Orange, some eight or nine million gallons a day.

Up until just a few years ago everyone believed that there was sufficient water supply in the ground for the communities of Morris County, that these surface supplies were not necessary. As a matter of fact, even here in the State there was considerable optimism, and it wasn't until the major drought when the Federal Government expended some fifty to a hundred thousand dollars to install test wells in a vain attempt to find subterranean Lake Passaic that was going to provide so much water to fillup Boonton during the drought, it was suddenly discovered that water was not there, there was no Lake Passaic, and in lieu thereof there were narrow chasms in which wells have been tapped and they find a water supply but there has been a continuous drop in that water table to a point where now we are very seriously concerned.

Therefore, the need for total water management is obvious. Morris County hopes to hold the fort for a decade

or two but they look forward to someone higher than the county level to assist them in providing supplies that will be needed to the year 2000 plus. When one looks at the growth projections of Morris County and the needs for industry, it is obvious that the limited supply being considered now will not be adequate.

I don't want to get into water pollution control at all because we would be here all afternoon, but I would like to make a few remarks about this Rockaway River situation, the problem of pollution. Why do we have pollution in Morris County? It's rather obvious. Everyone takes river water out of Morris County or the tributaries of the Passaic. We all know about Newark tapping and developing the Pequannock to the maximum extent possible with planned additional development with very little or I believe no let-down required.

We have Jersey City in the construction of Boontonville System, the so-called grandfather clause days when it was not necessary to let water down. As a result, absolutely no water is let down below Boonton Reservoir during the dry weather periods and we find nothing but six or seven million gallons of treated effluent many months of the year flowing in the stream..

We find that the Passaic Valley Water Commission takes forty or fifty million gallons out of the Passaic River. They take water out of the Pompton River and agreed to give Morris County, or sell Morris County two million gallons and Wayne four million gallons. This was six years ago.

Subsequently, following the drought, they determined that they could not sell and Morris County has been fighting Passaic Valley Water Commission before the Water Supply Council for the rights to a measly two million gallons per day. And this is a fight developing over this once ample water supply that Mr. Erber talked about. So here we have the county fighting the Passaic County Water Commission which is absolutely unnecessary.

Likewise we have Jersey City building a vast water system right next store to four reservoirs that the county proposes to build with an iron curtain or wall between them. This is ridiculous. There should be interconnections between this system. The county should have some right to purchase its water from Jersey City and to return in kind water that they may store in the Tourne Reservoir and there should be cooperation between all the water purveyors rather than continuous fighting and bickering.

But with all of the water being taken out of Morris County, being conveyed to the populated areas, we suddenly find there's no water left in the streams. Therefore, the towns of Morris County should pay more money, higher treatment, better quality, so that the Passaic Valley Water Commission gets their water down below the take. And, of course, I'm being a little facetious when I say that but there's no question higher degrees of treatment are required.

I'm pointing out this constant fight between the sewage people and the water people and the need for equity

and proper utilization of the streams, flood controls, perhaps storage and river flow regulation all have got to go hand in hand. And I just mention but a few.

We have the Commonwealth Water Company taking water out of the Passaic River. So that we have greater diversion, increased diversions contemplated in the future, less water being let downstream, more pollution, and obviously there's a very, very tremendous problem. But I think that Morris County, speaking on behalf of the Board of Freeholders and the Authority, - I can say that they believe that there should be a total water management plan and they would like to be a part of the over-all picture. If the answer is, for example, that the over-all agency perhaps should build these reservoirs for the counties, perhaps that is a possibility; but if the answer should be that the counties should take care of local interests because they're closer to the problem, perhaps that should be the approach.

I don't intend today to give you any specific answer to the solution of this problem and I don't know whether you'll find it after three days of hearings. But I would like to point out to you just this one typical example of Morris County and the particular situation that they are in.

Now I would like to mention just a few things about Monmouth County. We were recently engaged by Monmouth County to make a comprehensive water study and to integrate and set forth a long-range plan for the development of water supplies in Monmouth County. We completed for the county a similar

plan on sewage facilities.

I want to relate to you the findings there, the decisions and the determination made by the Board of Freeholders and how perhaps this might be applied to the State level.

This pertains to sewage but we may find the exact same thing applying to water and it may explain to you why we have such terrible problems in getting together and solving our water matter. Of course, it's just dollars, getting right back to the fundamentals.

But in Monmouth County we recommended the construction of regional facilities. The plan was fine, it was ideal and everyone liked it. But we had the usual problems. I might be rather specific, we had the Northeast Monmouth Regional Sewage Authority. This Authority consisted of some seven municipalities, I believe, and they had been working for two or three years. They had an excellent plan, an excellent Authority and they proposed to build a fine treatment plant and intercept the sewer to serve these communities, but our report said this is wrong, this should be enlarged to take twelve, and there are five municipalities that were left out. We recommended that this be revised.

Now this is a horrible thing to say and do when someone is ready to sell bonds. The problem being, who is going to pay for the enlargement. We agree with you, the plan is fine but it's not practical. But there the County Board of Freeholders took this attitude: We believe that it is a county responsibility to assist you, we agree that you

shouldn't pay for this large facility; on the other hand, you couldn't go up to Marlboro and Colts Neck and some of the communities that farm and get the farmers to pay for something that maybe their children's children wouldn't see because they predicted that they wouldn't need this for forty years. It's probably fifteen to twenty but at the moment it looks like forty to them.

The county had legislation introduced and passed, two years ago, and I believe it was amended, which enabled them to provide the funds to enlarge these facilities. The County has entered into a contract with Northeast Monmouth, for example. They've done the same thing with Middletown and they propose to do it with other regional authorities. Where the regional facilities are large, the county pays for the actual additional cost, and this isn't very much when you enlarge a pipe from a 48 to a 60, for example. It's a very smart investment. And the County will get paid back possibly 20 years from now by these communities when they connect. In other words, the entire county is helping to subsidize these very important facilities but the agreement is such that they will eventually be paid.

Now we have the same problem with water. I think you have this problem in Round Valley. When you build a water system, particularly a surface source of supply, you're confronted with the fact that you've got to build a large facility. You can't say, we'll make it 2 million this year or 4 million, you've got to build a forty or thirty for safe yield. You find that only five or ten or twenty million may

be used for the first ten years. Who is going to pay for that?

Now on Round Valley, unfortunately, the concept was let's go right ahead and get the towns to pay for it right now and they will pay outright and they will own it.

Under an authority concept there may have been some arrangement for establishing the schedule of payments and charges and possibly, yes, possibly, some backing up from the State who might lend funds to an authority or to an agency to permit this financing because you would be sure, gentlemen, of getting a return on that investment. It's one of the best investments a state can make.

I'm suggesting that perhaps the State should be the big brother to these large regional water systems just as Monmouth County is being the big father to these little municipalities in assisting them in the development of these regional sewage facilities.

I've gotten off the track but I want to just get back to water in Monmouth County and then I'll conclude.

In the case of Monmouth County, it was recommended several years ago that a reservoir be built, off-river, to develop the supply of the Manasquan. I think you are all familiar with that. But apparently no funds were available for the purchase of this site, and this has been talked about for a long, long time.

Monmouth County was cognizant of the fact that if action were not taken this site would be gone forever, there would be homes constructed in Howell Township in the area of those reservoirs. And it became awfully upset and awfully

nervous.

Furthermore, there was really no plan for the utilization. Monmouth Consolidated Water Company met with us just last week and said, "Look, we'll build it." They said this ten years ago. However, in building this supply they would transport it into their franchise area, and this is their prerogative and they certainly should do this, and the County agrees, but the Water Company couldn't be expected to worry about Belmar, Brielle and Wall who obtain their water supply from wells. These wells are located along the Atlantic Ocean. The pumping level is reported to be about 300 feet below the ocean level. The possibility of salt water intrusion is severe. These towns need water. They are living on borrowed time and some of them are very concerned. They have come to the county and said, what are you doing about Manasquan?

Well, fortunately, the County has been able to work with Commissioner Roe, and I think he has earmarked some \$1 million for the acquisition of a portion of the land, and I think these funds will be forthcoming. I think they are provided in the '58 bond issue.

This is not enough. The county may go off on its own, if additional funds aren't available, to acquire that land. It's very necessary and it's recognized on the county level.

In addition, the county hopes to integrate and coordinate the many, many private water systems with this vast supply that can serve many municipalities, whether it



be worked in conjunction with Monmouth Consolidated or whether Monmouth Consolidated builds and sells wholesale to various municipalities, remains to be seen. But the County hopes to take the initiative here and coordinate these water systems.

And, gentlemen, I say to you that if this isn't done on a level greater than the county concept we are likely to have a continuation of the chaos that we have today in our water supply facilities in this State.

Thank you.

ASSEMBLYMAN RINALDI: Thank you very much for what I believe is a very fine presentation.

You have alluded to certain concepts in the language that continues to run through these hearings, many of the terms being synonymous. You've talked about planning which, of course, is synonymous, in my estimation, with foresightedness and you've talked about cooperation and coordination and these are concepts that we've been hearing about in the last two days. You also talk about the little towns that think they have plenty of water and then suddenly they're running out of water. Of course, this is a problem which Morris County may have had in the past but South Jersey may well have in the future, and now is the time to start thinking about it rather than in the future.

MR. HOMACK: That's correct.

ASSEMBLYMAN RINALDI: I have no particular questions.

I might say that some of your thinking coincides with the thinking we received yesterday from the gentleman who

represented the Essex County Planning Board. He too spoke of regionalization.

Before we ask whatever questions we have, and I certainly want to defer to your Assemblyman, Mr. Cobb, from Morris County, - before our stenographers walk out on us, maybe we should take a precise five-minute break and come back and if you care to return for any questions we may have, then we will go on to our next witness who will be Mr. Buck of the Hackensack Water Company and we will switch over to the private sector for that testimony.

Thank you.

(Recess)

(After recess)

ASSEMBLYMAN RINALDI: We will start again, please.

Time is getting to be a problem, as it always is, and we're going to try to move quickly through some witnesses between now and one o'clock. We will adjourn promptly at one o'clock and commence again at two o'clock, at which time, I have advised, the representatives of the City of Newark and the Newark Municipal Utilities Authority that they could be the initial witnesses this afternoon.

At this point we resume with the previous witness.

I have no further comments or questions.

Assemblyman Cobb?

ASSEMBLYMAN COBB: No questions.

ASSEMBLYMAN RINALDI: Senator Dowd:

SENATOR DOWD: I have no questions.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: No questions.

ASSEMBLYMAN RINALDI: Thank you very much, sir.

MR. HOMACK: Thank you.

ASSEMBLYMAN RINALDI: I would like to call on Mr. George Buck. I will let you further introduce yourself.

G E O R G E H. B U C K: I am George H. Buck, President, Hackensack Water Company.

I regret that I have not had time to prepare a statement. I have been scheduled for hearings before the Public Utility Commission which finished a little earlier and let me get down here. So what I will say will be rather

short and I will be glad to answer any questions that I can answer.

The Hackensack Water Company, as you probably know, serves some 59 municipalities in Bergen and Hudson Counties, in fact it serves about one person in every eight in the State of New Jersey.

In connection with the water supply situation, I would like to stress something which is not very popular and not stressed very much here now or in the general statements. Number one, that New Jersey is really blessed with an adequate water supply potential. It's in a humid region with ample rainfall, generally well distributed, it has two great rivers on each of its boundaries, and it has tremendous potential water supply to meet the long-range future of this area.

However, there are two things that threaten the future water supply of the area. One of them is the rapid urbanization, the rapid taking-over of reservoir sites which need to be preserved for the long-range future.

Lacking action at an early date, the cost of later recovering these lost resources would be tremendous.

The second and equally important thing is the pollution situation.

We have in New Jersey permitted streams, such as the Passaic, to get into atrocious condition. Some streams, such as the Hackensack, as a result of fifty years of continuous control and supervision and patrolling have been protected. But at this present time the demand and the

pressure for development of marginal areas which normally would not be developed make the pollution problem doubly important today.

Now I think there is no question in my mind that the proposal for the State taking a more active part in planning its future resources - I'm not sure that we can say today that the planning is fully done, that requires a great deal of time and study and personnel which most of these state agencies do not have. But accepting for the moment that there are a number of sources of supply and reservoir sites that have been studied for many years and are known, it is the time now, in our opinion, to purchase these sites and to protect them for the future. That I think is an absolute must.

I think in addition to that, where it becomes necessary, other facilities do not exist, that the State should be able to take over the construction and operation of these transmission facilities.

I listened with a great deal of interest to Mr. Homack's statements and I think that the pattern he laid out in his county, Morris County, is very worthy of special consideration.

We have this term "total water management" which comes up invariably. It's one, I think, that needs defining. We know what we want here. It's been proposed that we would combine the operations of the Public Utility Commission, the Health Department, Water Policy and Conservation in one super agency which would become a czar.

Personally, I think that would be a great mistake. I think we definitely need planning, we need to purchase and develop sites, remote sites, which are beyond the capability of any individual municipality or of the larger companies. But there is in the Public Utility Commission a wealth of experience and expertise in a judicial capacity.

Actually the private water companies are able and do plan at least fifty years ahead. It is necessary. And they can finance and sell bonds and construct in advance. This is a great advantage to them which is not enjoyed by the average municipality. The issuing of bonds and getting all of the approvals of that is a difficult problem. And in large measure it is the regulation in the State of New Jersey that has permitted the private water utilities to go ahead and develop in advance. And I think if you look at the three larger private companies in Northern New Jersey, the Elizabethtown, for instance, the money they've expended in connection with their pipelines, filter plants, and the like, over the past ten years are large, very large. Middlesex Water Company is going down to the Delaware Raritan Canal, below the Raritan River, for additional supply and spending some \$15 million for its new facilities.

The Hackensack Water Company, not favored by being able to take water from the State project, has had to develop its own supply. But as to the ability of private utilities to plan ahead, I would say that during the past ten or twelve years the company has spent probably eighty to ninety million dollars for expansion, which for a water

utility is a lot of money.

I think we sometimes forget the basic reasons why the private utilities are able to go ahead. If we did not have this regulation, if we did not have intelligent regulation, the regulation which could control and force us to do things if we didn't want to, the companies could not finance and go ahead on this basis. And I think one of the things that is very important is that the Public Utility Commission should be given control over private utilities and I think we need cooperation and coordination of the activities of our present bureaus and departments rather than take all the power and setting it in one agency.

The situation in Northeastern New Jersey is such that the State in the long-run must protect the watersheds and the dam sites at this time, in my opinion. I could state as example the operation of a private company which happens to be the Hackensack Water Company. We just finished a 4 billion gallon reservoir. In 1965, I think, we filled it, first, or '66, but the land for that was purchased, practically all of it, forty years earlier at relatively low prices and protected from development over that period. That's the sort of planning, in my opinion, that the State has to do at these more remote sites.

We mustn't lose sight of the local supplies. They are very, very important supplies. They are developed, they must be integrated into any plan and they must be utilized to their utmost. We speak of the draw-down in wells. Let's face it, that's the only way you get water out

of a well is draw-down. The thing that is bad is taking more water out of that well than the recharge. So that the recharge that Mr. Homack speaks of is a very definite part of utilization of our water resources.

I think it's been mentioned here that we didn't recognize these things a number of years ago, and I brought along a statement made by the President of the Hackensack Water Company, Nicholas S. Hill, 42 years ago, in 1926, that I think really in some parts - all of it is pertinent and I think some of it might be read in here. It says:

"As a matter of fact, the sources which are necessary to supply water in volumes which will ultimately be required in the metropolitan areas of New Jersey are so remote and the capital investment involved so large that their development could not be financed by a single municipality or any single water company within the State."

He sums up the problem in three real problems:

"1. The best means of getting effective cooperation between the public and private purveyors of water within the district." He was thinking largely in districts and I think districts is a very valuable thing. We have North Jersey, we have South Jersey, and the problems are quite different.

"2. The best method of developing existing sources."

"3. The best procedure in securing additional water supplies."

And he makes the very definite point that an agency in the State to supervise and control collection and trans-



mission of water in the metropolitan areas under their jurisdiction, to secure adequate service in all parts of such area, and most important of all is where necessary or economical to require pooling and interchange of water resources, and to fix fair terms for the interchange of water. And that latter is very, very important.

There need have been no shortage in New Jersey during the past few years if such control had been vested in any agency in the State of New Jersey.

And he finishes his statement with the same statement that I would make today, "They, the private water purveyors should cooperate with the State in securing the legislation necessary, wisely and economically to solve the water supply problem of" in this case it was the Northern Metropolitan District, "and they should be ready at the proper time and under the right conditions to join in any movement to this end."

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Buck, for those comments and observations.

Mr. Buck are you prepared to advise this Commission which in turn might recommend to the Legislature areas of prospective legislation which you feel would help in these areas that you've outlined? For example, you stress the fact that there must be greater cooperation and coordination between departments. You also indicated that perhaps the State should step in and build a reservoir - buy the sites, build the reservoirs and possibly even build transmission lines.

Could you comment on just what legislation this

Commission might suggest, perhaps, to the Legislature?

MR. BUCK: I'm not prepared to do that. I would be very happy to perhaps amplify my feeling in regard to that. But obviously there are several things that should be recommended.

Number one is that these three agencies that I have mentioned are struggling under a great handicap, a lack of personnel and funds.

ASSEMBLYMAN RINALDI: Would you repeat those three agencies that you are referring to?

MR. BUCK: The ones I'm thinking of are, the Department of Conservation and Water Policy branch of that, the State Health Department, and the Public Utility Commission.

ASSEMBLYMAN RINALDI: Which are the three agencies primarily and initially concerned with the problem of water resources.

MR. BUCK: That's right.

Now to do the proper planning and execution of their responsibilities which they now have and which would be amplified, I'm sure, they need a greater appropriation. That's the number one thing.

Number two, there must be provisions for continuing the over-all statewide planning for North and South Jersey. There must be state funds available for that planning. And on the basis of that planning to recommend and have funds for the acquisition of lands perhaps twenty or thirty years before they are going to be developed. These are the first

things they need.

There are certain other things that are highly disturbing to a private utility.

At the present time our planning is very much handicapped because if the State is going to develop these supplies, which we heartily agree with, they also must be ready at the time they are needed in any particular area. So that if there is any lack of planning on the State's side and the utilities cannot make it up, problems are going to arise. Certainly there must be provision in any legislation that if the State projects are not available at a certain time, as needed, there must be some provision by which private utilities can in some way or other come in and do what is necessary to protect their own interests.

ASSEMBLYMAN RINALDI: Mr. Buck, we're all aware, of course, of the very large bond program which is scheduled to be voted upon by the citizens of New Jersey next month. Of course, that bond program does not in any way concern itself with the very critical area of water resources. The Governor's Commission has indicated, based on the presentations of not only Commissioner Roe but other people who are knowledgeable in the area, that the minimal needs in the area of capital construction and costs is \$92 million.

Now suppose the bond program fails next month. It might be a reasonable assumption that it might be difficult to go back to the citizens of the State of New Jersey and ask them to vote upon a statewide bond program for \$92 million.

It has been suggested by Commissioner Roe and others who have appeared here in the last two days that some type of a State authority might step into the situation, if you will and, through the sale of revenue bonds, fund those necessary capital projects, be they \$92 million worth, \$50 million worth or what-have-you, and build the necessary facilities and perhaps even the transmission, I'm not sure. You've suggested that perhaps the State might do that.

Do you have any comment on the wisdom of a State authority with general bonding capacity to take care of these needs which might not otherwise be taken care of out of the general bonding capacity of the State of New Jersey or current revenues.

MR. BUCK: Well, I would say as a last resort I would agree that an authority might be an answer to the problem. My own feeling is that the education of the voters could proceed to such an extent that the needs for proper protection of our water supply could be made obvious to them.

If an authority were constituted, I feel certain that the taxing power of the State would have to be behind it. I don't believe you could do advance work that's necessary out of revenue bonds without the credit of the State to back them up.

ASSEMBLYMAN RINALDI: I think Commissioner Roe has indicated in his report to the Capital Needs Commission that the initial phase of a bonding program, a revenue bond program, an authority could promote might have to be helped out initially by the State to get the thing off the ground,

to get it underway during its initial phases which are the most difficult phases of any long-range revenue program.

I always talk too much so I am going to defer to my colleagues.

Thank you, Mr. Buck.

Senator Dowd?

SENATOR DOWD: I have no questions.

ASSEMBLYMAN RINALDI: Assemblyman Cobb?

ASSEMBLYMAN COBB: One question comes to my mind. Where do you get your water from, your utilities?

MR. BUCK: Our principal supply is the Hackensack River.

ASSEMBLYMAN COBB: I've been looking at the map up there and I don't see any reservoir so designated. Is this one you just spoke of now too recent to be on the map?

MR. BUCK: Well, we have a great many reservoirs. Our largest reservoir is in New York State on the upper reaches of the river, we have five and six-tenths billion gallons there; the next reservoir down is Lake Capan which has about 4 billion gallons; then we have Oradell Reservoir with about 3 billion gallons at tidewater; and Woodcliff Lake which has about a billion gallons. So in total we have about 13.5 billion gallons of storage on that river.

ASSEMBLYMAN COBB: Well definitely my eyes stopped at the line that separates New York from New Jersey. I didn't know that there was a supply of water coming out of New York State into New Jersey.

MR. BUCK: We have a subsidiary company. We serve

most of Rockland County as well as New York State and the reservoir was approved by the State of New York Water Resources Commission with an allocation of water between the two states.

ASSEMBLYMAN COBB: Does your utility envision a shortage of supply in the next ten or fifteen years?

MR. BUCK: In an area such as ours we have to be continually expanding our sources of supply and planning for sources. We should be planning right now for our next development although we have sufficient water probably for maybe seven, eight or ten years at the most, but we should be continually developing. We are continually expanding and exploring ground water both in New York and New Jersey. We will be building another reservoir in New York on another stream in a very short time. But I want to emphasize that the local resources are the thing that are very, very important and must be preserved. We mustn't lose track of these when we're thinking of things like Tocks Island and Round Valley, these are the backbone of our water system, of our local supply.

ASSEMBLYMAN COBB: Thank you.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: There was some earlier testimony here the other day pertaining to the State getting into the transmission end of the business. Do you feel that the State should get in with reservations?

MR. BUCK: I would say with reservations. Let's assume that the municipalities are not able to get together,

as at the present time, I think the State is forced to. I don't think they should come in and parallel the facilities of some other municipality or private utilities, but when we're talking about very large projects, seventy or a hundred million gallons a day and carrying it to different parts of the State, some agency greater than the individual community or bigger than the individual company, in my opinion, is necessary.

And I really think that the regional agencies are probably the proper ones but there must be some way in which the failure to move by the municipalities can be overcome by some agency who can direct and require the proper action to be taken and permit the financing of it. Just as we permit people to go above their bond issues, bond limits for schools, the same thing is going to be necessary to keep up service in the smaller systems.

ASSEMBLYMAN FEKETY: Do you feel that the State should be broken down into water districts, territorial districts?

MR. BUCK: Let me say that I have not given very serious and deep consideration to that factor. It's a little remote from our private particular interest. But I do think that the problems are so different, say in North and South Jersey, that there are reasons to have district organizations perhaps for them.

ASSEMBLYMAN FEKETY: One other question. Do you feel that the Public Utility's control should be increased in this line?

MR. BUCK: I think it's a very desirable thing that they exercise and give the privileges that they give private water companies, exercise the control and give the privileges that they exercise to the municipals. In the first place, water is too cheap. Water is being sold at unreasonable rates, and much of our difficulty really relates to that. The average publicly-owned system is selling water at the rates that were charged fifty years ago and in water we have to go further to more remote sources of supply every time we expand.

It isn't like the electric utility where if we build a bigger generating station we can generate our power at much less cost per kilowatt hour.

We develop our local sources first and they're most economical and every expansion we make at present day prices means attrition in our earnings. So that the whole thing in the water situation is quite different from other utilities. We cannot make reductions in cost, in prices, schedule of rates, because of the lack of you might say technological advances in the treatment and collection of water. It's a natural process. We have to go further and further to get it at greater and greater expense.

ASSEMBLYMAN FEKETY: Thank you.

ASSEMBLYMAN RINALDI: I would just like to ask one or two more questions.

I would like to ask what probably is a difficult question for you to answer, Mr. Buck, and I don't mean to second-guess you, but you mentioned before that if municipalities



cannot get together and provide for the necessary transmission facilities, then perhaps the State should step in and build the lines.

Now as a member of the water committee and a man who is in the swim of things, so to speak, I'm sure you are aware of what is commonly known as the Raritan Valley Project dispute which involves several municipalities in Northern Essex County and the immediate vicinity - fortunately it doesn't involve municipalities in your area of concern. As you are aware, these municipalities have not been able to resolve among themselves the building of this pipeline for various reasons. The matter, of course, as you know is presently in litigation.

Would you suggest that if these municipalities cannot arrive at a reasonable solution the State should step in and build the pipeline?

MR. BUCK: I would.

ASSEMBLYMAN RINALDI: You would. You're thinking parallel to the thinking of Commissioner Roe.

MR. BUCK: Yes.

ASSEMBLYMAN RINALDI: As a matter of fact, are you aware of a proposed alternate scheme whereby Newark might be bypassed and the Raritan Valley line might be built in such a way, with perhaps even a larger capacity, to make water available directly to your area and perhaps directly to the Hackensack Water Company. Are you aware of such a proposal?

MR. BUCK: I am aware of such and I am also aware

of the cost estimates of that water.

ASSEMBLYMAN RINALDI: Do you think that's a feasible proposal? Well, feasible, of course is a many-edged word. Would you comment on that proposal.

MR. BUCK: Let's put it this way, that the cost of bringing that water from the presently conceived terminus in and around Elizabeth up into Kearny, out in the meadows quite a ways, actually, from Hackensack, is such a tremendous project according to present estimates, which I have no reason to say are correct or incorrect, would make that water several times as expensive as our local sources.

Now in the long-range that could become feasible. At the present moment it seems scarcely feasible.

ASSEMBLYMAN RINALDI: All right. Now you say in the long-range. Of course, this is one of the chief concepts here, in the long-range, it may well not be feasible today, tomorrow, five years from now, but to the extent that you've indicated to the Capital Needs Commission by 1975 you're going to have to start looking for other sources of water. Is that a fair statement?

MR. BUCK: That's correct.

ASSEMBLYMAN RINALDI: By the year 1975 it might not be unfeasible at all, it might be a very realistic and practical approach to the demands of your particular company and of your customers.

MR. BUCK: Let's say, it would be an answer, one answer. But when I mentioned coordination of the present supplies, a far more reasonable result could be obtained by

coordination of these various resources which include the present North Jersey resources and the Raritan Valley resources. That is the more practical way and that's why I say that an agency that can control and have the power to pool resources and, very important, to dictate the price of such pooling, because that is the reason why pooling is not feasible today.

ASSEMBLYMAN RINALDI: Coordination with a quasi judicial ability to see that everybody gets water at a reasonable price. Would that summarize it honestly?

MR. BUCK: Well I think that price should be secondary but that a most economical and most practical long-range solution should be sought.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Buck.

SENATOR DOWD: Mr. Buck, just to detain you for a moment, in connection with the PUC, other than rates which you mentioned, what other problems does the PUC concern itself with in connection with water?

MR. BUCK: Well, they have jurisdiction over service, service complaints, or the adequacy of our systems. In other words, if a company does not provide adequate water they can be forced to do it, they can be forced to give the rates necessary to finance it. So that they have the power of approving all financing, they have the power to demand proper service, they take care of all service complaints, and they have control of rates, of course, rate schedules, to see that they are economically correct.

SENATOR DOWD: Are you suggesting the PUC should

have jurisdiction over municipal as well as private water companies?

MR.BUCK: I feel if that were the case --

SENATOR DOWD: And do you feel that in all matters, other than rates but including rates?

MR. BUCK: Including rates, yes. I don't think I would broaden the concept of the control of the Public Utility Commission beyond probably its present control over private companies. I would like to see a division of responsibility, the Health Department in its particular field, the Public Utility Commission in it's judicial field, and then a planning agency and a construction agency when as and if it becomes necessary.

SENATOR DOWD: It's your recommendation that the PUC have jurisdiction over all water companies whether they be privately or municipally owned.

MR. BUCK: That's correct.

SENATOR DOWD: Do you see any or are there any problems that you know of now that led you to this conclusion, or any reason?

MR. BUCK: Well, I would say that --

SENATOR DOWD: Or is the private sector put at a disadvantage because of the absence of jurisdiction by the PUC over municipally owned?

MR. BUCK: No I don't think we're at any disadvantage, I think we're at a tremendous advantage. I think it's a tremendous advantage because we have an agency there that's

constituted that can see our problems, recognize our problems, know that we've got to expand our supply, can approve the financing of this and give rates to pay the cost.

SENATOR DOWD: Why then do you suggest that the municipal water companies should be under the jurisdiction of the PUC?

MR. BUCK: Because the average water superintendent in the small system knows the problems of the system, he knows their defects and deficiencies, but to get those things corrected and attention paid to them has proven to be almost impossible. Now actually, if you come right down to it, if an agency such as the Public Utility Commission had control ten years ago of these municipal systems there would be far more supplies available for water and this shortage due to the unprecedented drought would have at least been much less severe.

SENATOR DOWD: Then the PUC would have kept their needs current so that they wouldn't have fallen behind as many of them have now fallen behind.

MR. BUCK: They would be able to force them to do things, produce studies, do the things that are necessary to provide an adequate supply. Actually you go right back to your North Jersey District and the large project of Wanaque, that was a very large step forward. It's capacity was sold on the basis of a hundred million gallons a day which was overestimated at that time, it was known that that was an overestimate. But the municipal systems have relied on, and participants in that development have relied on the fact that

it always has rained and we could take more water out than was coming in in a drought and they went far beyond the limits of safety. And it was known by the North Jersey District and it was known by everyone else, but it lacked the impetus to go ahead and do something about it.

SENATOR DOWD: Thank you very much.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Buck.

We have approximately a half hour until the morning break and I am going to try to call on three witnesses in this time, in this order: Mr. Arthur Fynsk, representing the New Jersey State Chamber of Commerce; Mr. Ferguson, representing the New Jersey Realtors Association; and Mr. Philip Cocuzza, representing the New Jersey Builders Association.

May we have Mr. Fynsk as the next witness, please.

Would you identify yourself, please.

A R T H U R     W.     F Y N S K: My name is Arthur W. Fynsk. I am an Engineering Consultant, employed by the E. I. du Pont de Nemours and Company, Inc., in Wilmington, Delaware, but I am here today to present the views of the Water Supply Committee of the New Jersey State Chamber of Commerce. As you probably know, du Pont operates extensive production facilities in New Jersey. Our State Chamber committee is comprised of some 30 executives, chemists, engineers and similar specialists who represent a cross section of general industry, municipal and private water companies, private water consultants, and other interested citizens of New Jersey.

For many, rather obvious reasons, the Chamber is vitally interested in the maintenance of adequate supplies of good quality water within this State.

This is why we strongly support development of a comprehensive water supply policy and program for New Jersey. The State's continuing urbanization and industrial growth make it essential that there be broad and long range planning to assure water supplies adequate to meet future needs.

Water resources planning and development require a considerable amount of lead time. Because so many steps are involved, it can take from five to ten years to see an initial plan through to actual project completion -- and even such timing assumes there are no unusual delays. Water resource planning must be sound. Once you are committed to a specific project, severe economic penalties can result if some basic change in direction later proves necessary.

In several recent water supply study reports, the term "water management" has been used without a precise definition. Our Chamber Committee feels that this term should be considered as synonymous with coordination and cooperation between governmental agencies at all levels in the best interests of all water users -- public and private. One important aspect of "water management" is the allocation of available water supplies both within and adjacent to New Jersey. It is essential, in our view, that the various State and regional water supply and control agencies function so as to assure the best possible deployment of New Jersey's available water.

Within existing state agencies concerned with water supply, there is substantial knowledge and experience. We believe, therefore, that these existing agencies should be fully utilized in the development and implementation of a long range water plan. Moreover, the development of a plan should not call for drastic changes in water management organization which might upset supply development programs already under way.

There are basic differences between the water supply conditions and problems encountered in northern New Jersey, where supplies are obtained from surface sources, and in southern portions of the State, where ground water forms the major source of supply. Such regional differences, as well as differences in economic development patterns, must be recognized in developing long range water supply plans.

Consideration should also be given to related technical developments and activities such as pollution abatement, drainage, navigation, fishing and other forms of water-based recreation. All of these activities affect the total demand upon the State's water resources.

In addition to these general comments, we believe that a comprehensive program for New Jersey water resource development should include:

1. Purchase, at an early date, of additional potential reservoir sites within the State so they can be preserved for future use..
2. Provide adequate mechanisms for development of such reservoir sites -- when needed -- by State and/or private companies, authorities, or municipal water suppliers.
3. Provide a mechanism to assure proper transmission of water if planning indicates a need to utilize remote sources of supply.
4. Assure protection of ground water supplies through further study directed toward anticipated water consumption patterns as well as the problems of contamination -- including salt water intrusion.
5. Promote greater utilization of existing private and public treatment and distribution facilities, and sources of supply.

If the Legislature sees fit to establish a board or council to develop a long range plan, we suggest its membership include representatives of appropriate State agencies now concerned with water supply development and protection, water companies, industry, and other water users.



It is our Chamber Committee's belief that a comprehensive water program and policy for New Jersey is timely now and vitally necessary to meet the long range water needs of this State.

We warmly endorse this concept and urge that positive action be taken as soon as possible.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Fynsk. Do you have any additional comments to add to your formal statement?

MR. FYNSK: No, sir.

ASSEMBLYMAN RINALDI: I have no questions.

Assemblyman Cobb?

ASSEMBLYMAN COBB: I have no questions.

SENATOR DOWD: No questions.

ASSEMBLYMAN FEKETY: I have no questions.

ASSEMBLYMAN RINALDI: Thank you very much for appearing before us.

MR. FYNSK: Thank you.

ASSEMBLYMAN RINALDI: Mr. Ferguson, please.

R O B E R T     F E R G U S O N: Mr. Chairman and gentlemen, I am here today representing the New Jersey Association of Real Estate Boards. Our State President, Mrs. Adelaide Campbell of Hackensack was to make this short presentation but she is out of town.

First of all, I would like to state for the record that the New Jersey Association of Real Estate Boards is not in the water business, we are not experts in this particular

area. However, we feel that the success of our industry and the development of our industry is related to the water resource problem.

The New Jersey Association of Real Estate Boards is a trade Association comprised of 39 local boards with an aggregate Realtor membership of 2900 individuals all of whom are licensed real estate brokers. I point this out because it illustrates the fact that NJAREB represents Realtors from urban, suburban and rural New Jersey

The Association's membership is involved in every aspect of the real estate field including residential, commercial and industrial development. I would like to emphasize that as a group, the Realtors, perhaps more than any other organized group derives its basic livelihood from selling the advantages of New Jersey as a great place to live, work and play.

The Legislature is to be congratulated for creating the Commission to study the overall water resources problem with the end result hopefully being a comprehensive master plan that will serve the needs of our state in the years to come.

A recent survey by the Society of Industrial Realtors indicates that industry, in formulating plans to relocate a plant or expand existing facilities, rates high on its list of priorities the availability of an adequate supply of water at rates that are realistic. The degree of importance placed upon water availability depends upon the specific industry involved.

We feel the emphasis industry places on water supply is significant if New Jersey is to continue to attract new industries as well as to hold existing plant facilities

I feel safe in saying that tens of thousands of jobs depend upon our ability to solve the long range water needs of our state.

If population projections for the next two decades are realistic, and I tend to feel they are on the conservative side, just the increase in residential development to meet the housing needs of our citizens indicates that water resource planning can no longer be relegated to "second string" planning. With a population estimate of over 10 million by 1985 and the industry that will be needed to support such a population, we in New Jersey have our work cut out for us. When I use the term "we", I mean Government at all levels as well as private enterprise and individual residents----we all have a stake in how well we solve the problem facing us.

Therefore, I suggest that all points of view and interests be included in the deliberations which will result in future planning. Joint effort will help New Jersey avoid the mistakes of the past where reservoirs were created and serve no use during times of drought.

I would also urge that embodied in any comprehensive water supply program, we not overlook the long range possibility of desalinization of salt water through the use of atomic power. New Jersey's coastline of over 150 miles bordering on the Atlantic Ocean affords us an opportunity to develop heretofore untapped sources of water that are not available to all states. I understand that the conversion of sea water is not economically feasible for New Jersey at this time, but with the constant improvements in our technological knowhow, the impossible of today becomes the commonplace of tomorrow.

In closing, I would like to state that the hour is at hand for New Jersey to prepare the groundwork for a comprehensive water supply program to meet our short and long term needs.

If we do nothing now, sooner or later we will be forced to execute a crash program at the Twelfth Hour when it may be too late.

Water resources, like great stands of timber, ignore the needs of man and take time to develop - so the time for action is now.

Thank you.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Ferguson.

Senator Dowd, do you have any questions?

SENATOR DOWD: No, I don't, thank you.

ASSEMBLYMAN COBB: No.

ASSEMBLYMAN FEKETY: I just want to point out one item I had in mind when you talked about the salt water business.

As you know when we run a transmission line from a reservoir, it's at its largest point and it tapers down as it gets to the consumer. Now with the salt water all of our transmission lines will be reversed.

MR. FERGUSON: This is something - I think we have enough experts here on transmission - I can't give you the answer except that we are finding today that atomic power is being utilized. Twenty-three years ago, after they dropped the bomb on Japan, I don't think if we had polled our population that we would in 1968 be making electric power from atomic energy or running ships with atomic energy. People wouldn't believe us. And maybe today you

are right. But we think in any long-range program, a back-up system that could possibly be developed through advances in our thinking, that we should look at this in the over-all program. Certainly there may be some technical problems but we feel there is enough expertise knowledge right here in New Jersey and possibly right here in this room to solve some of these problems.

ASSEMBLYMAN FEKETY: Thank you.

ASSEMBLYMAN RINALDI: I might just say, Mr. Ferguson, that the Little Hoover Commission's Study of November, 1967, recommending the preparation of a comprehensive New Jersey water plan, as one of the very important things, it mentions of course appraisal of desalinization as a source of water supply so you are absolutely correct that this must be looked at very, very closely because that certainly may be a source of supply in the future.

Thank you very much.

MR. FERGUSON: Thank you.

ASSEMBLYMAN RINALDI: Mr. Cocuzza will be the last witness before the one o'clock break.

Would you identify yourself, please, for the record.

P H I L I P C O C U Z Z A: My name is Philip Cocuzza, I'm the Executive Director for the New Jersey Builders Association.

I would like to apologize and send greetings from Mr. Giacuinto, our President. Unfortunately, he called me last night about ten o'clock with a rather severe case of laryngitis, so I don't think he could have been here even if

he wanted to today.

We appear here before you today as representatives of the New Jersey Builders Association and I think all of our builder members are deeply concerned about this problem of water supply.

We represent some 1600 member firms involved in residential, commercial and industrial building throughout the entire State of New Jersey.

We feel that this particular problem that you are discussing here today, along with the corollary disposal of waste water, probably presents the greatest threat to the building industry that we've faced in many, many years.

And one simple way to see how this presents such a tremendous threat to our Association is that in any subdivision approval a builder must be able to show how he can supply the future residents of his development with adequate water for their use. The same is obviously true for any commercial or industrial development that he might propose. If such a water supply cannot be provided for to the complete satisfaction, incidentally, of any interested official, at both local and state levels, the plans will not be approved.

So we have a great dependence on water in our industry, in order to be successful. If we can't supply water to be used by those for whom we're constructing, there will be no construction.

Lack of a water supply will more surely and more quickly than any other problem a builder faces, result in a

complete denial of his subdivision presentation. And, as Mr. Ferguson pointed out, the realtors are very much involved in selling New Jersey but I think I should also mention to Mr. Ferguson that what his realtors sell, we build, so we do have a deep interest in selling New Jersey.

We're also involved in water supply from a completely different angle. We're not only a user but we're a supplier. A great number of our members are instrumental in organizing water companies in order to meet the demands for their development. Often these water companies are then either purchased by or donated to the municipalities and operated by the municipality. So, as I say, we are involved in all ends of water development.

We don't have any deep, sophisticated reports to refer you to today. What we're going to talk about here is a result of what our builder members have discovered over the years in practical application in the field. This is where we get most of our facts. And it's been the experience of our builder members that when they are required to supply water for developments, a goodly number of the times, in fact most of the time, they reach to the underground water reserves which fortunately we are blessed with here in New Jersey. And I think many of the problems that you gentlemen have to discuss today and face in your long-range planning have come from the fact that we haven't taken adequate steps to replenish one of our principal sources of water which is this underground water supply.

From that particular angle, we would like to offer

the following for your consideration: During the normal course of building we continually add more and more impervious surfaces over the earth's crust. Such things as driveways, sidewalks, streets, rooftops, etc., catch the rainfall, channel it to sewers and run it out into the ocean. This water which normally would find its way to underground storage is lost to us. We think one of the first things we should do is catch this water and use it.

We estimate that approximately ten to forty percent of rainfall is lost due to these impervious surfaces. That's a pretty wide range, ten to forty percent, but there's good reason for such a broad range. It depends on the size of the lot and how wide the streets are and how much impervious surface is placed in relation to the total lot size as to why you get this wide ratio. But we do feel that much of the water which is captured by the impervious surfaces can be saved and saved rather simply. We have a couple of suggestions. Downspouts can channel water directly into the ground through dry wells. On curbed roads, the catch basins can be made of a porous construction with a fail safe baffle and these catch basins can in turn return the water to the underground supply.

As I say, these are just simple suggestions that immediately come to mind. Possibly they need to be incorporated into proper legislation, such as Title 40, in order to require builders to do this. I think I can say that our Association would be happy to support such legislation.

We feel that priority should be given by the State



to review suggestions of this nature and to study the necessary engineering to make these ideas practical and to become a reality. We feel that one of the aims should be to channel the rainfall to underground storage, locally, that's the key, we feel, locally, where it can be used by the residents of the given community.

As a matter of fact, the State should enmesh itself much more deeply in the whole area of research of new water sources, and I think they should approach this research with an open mind and a willingness to seek out new and better methods such as, if possible, atomic desalinization.

Another major source of water supply, as we see it from our point of view, is reuse of water. Reuse of water, of course, is a very emotionally charged topic. I think the average citizen, if you were to tell him he was going to reuse the sanitary water probably would get a little upset by this but probably in many cases now he's doing it and doesn't know it. I believe in California they are very much along the line in this area.

Currently statistics show that the average home in New Jersey uses about 400 gallons of water a day. This water should definitely be saved for reuse. How can it be done? Well, we feel there is an answer right now. There are on the market today rather sophisticated individual home sewage disposal systems. These are little units that go with each individual home. These systems trap the sewage, consume it and purify it, using conventional methods much the same as the larger plants. Also they may be even more

efficient by using the same after-treatments of chlorination or new ozone kill methods and then return the water to the underground supply.

There are critics, obviously, of these systems and they say that the system is in reality nothing more than a septic system and that all we'll do is add pollution of the underground waters. We feel that if the critics were to study these systems carefully they would find that these home individual units can be as efficient, in fact in some cases possibly more efficient than larger sewage treatment plants.

Our studies, and I must admit at this point that they are somewhat superficial, have proven the worth of these systems, however. We feel that they can be anywhere from 85 to 95 percent efficient, and they do have the one overwhelming advantage of returning the used water to the underground supply.

There is another advantage that we think you should consider regarding such systems and that is financing. Current recommendations for sewage treatment involve regionalization of sewage facilities. Although such plans are certainly of great value they lost something in that it is not immediately practical. Financing huge regional facilities is a long process and I think that we all must admit that we do have short goals that we must meet, and in the building industry today our needs are right now.

These individual sewage disposal units can be financed through private capital and incorporated right in the price of the house when you build it, at not too much

more than we currently pay to have city sewers installed.

Then if regionalization becomes a reality at a later date, I think these can also be constructed in such a way that they can be hooked up to regionalization facilities. But remember, regionalization has another drawback or at least as it's currently proposed it has a drawback in that it doesn't return the water to the ground, it dumps it in the ocean and it's lost. This obviously is an answer for home use but it's not the answer for industrial waste. I wish we had the answer for that one right now but we don't.

We strongly urge that you investigate this particular suggestion as another source of recharging the underground streams.

As far as surface water supply and storage is concerned, there is no question in our minds that additional facilities are needed. Surface water storage does have its drawbacks, and we're not engineers and not expert in this particular area but we do see immediate disadvantages such as susceptibility to pollution by the streams that feed the storage, and also you have the great evaporation problem. But, be that as it may, I think it's a proven fact in New Jersey that we do need additional storage.

The only thing that we as builders, who have a great respect and must have a great respect for the land because it's our stock in trade, are afraid of is that we don't want New Jersey to become too big a reservoir. It's a small state, landwise, and water facilities have advantage only in their use for people, and if we don't leave

some land for the people to live on then we won't need the water storage facilities.

In order to insure orderly progress in the whole long-range planning and control of water and water management, we further recommend the formation of an additional governmental body.

Now I never thought, as a representative of builders, I'd be sitting here and telling you that we need more control. Lord knows, the builders have enough control between local, state and municipal officials, building permits and Title 40 and what-have-you, but in all good conscience I think we do have to recommend a water supply and control board to work, if possible, within the existing state departmental structures; if not, then possibly another answer is necessary. But I think it has to have one great big distinction, this body, call it what you will, must be organized along watershed lines, along ridge lines and not along political boundaries. Water does not recognize political boundaries. It flows, as it must, based on the contours of the land. And I think this is the important thing to consider in any formation of an additional level of government to control water.

These, then, are our remarks in brief and, as I said, I tried to get through them quickly in the interest of time but if we can be of any help at any time certainly the builders stand ready to lend whatever practical knowledge they have.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Cocuzza.

Senator Dowd?

SENATOR DOWD: Mr. Cocuzza, you may have heard Commissioner Byrne of the Public Utility Commission speak the other day and he referred to a private water company which was created to take care of the needs of a particular development and I am sure you are familiar with this type of an operation.

You may have heard him indicate that there was an economic failure, either in the development or the continuance of this private utility and the users, who are the residents and purchasers of the homes in the development, find themselves in a very serious plight.

I wonder if you have any thoughts or any comments that would (a) aid the building industry in the creation of these small utilities which might be taken over by either a greater private industry or a municipally owned water company, anything that can be done at the State level to aid them in the creation, and (b) anything that can be done to protect the ultimate consumers who live in these developments against this type of a pitfall.

MR. COCUZZA: I should say that I am quite sure that the builder involved was not a member of our Association. I don't really know that I have a real answer for you, Senator, on that one but I can say this, when I first came with the Association and talked with some of our builder members, many of them at the time operated both water and sewage utilities. Many of them are beginning to find that this is not their business. They're builders, they are not

utility company operators.

I think it's important for the builder to become involved so that he can supply this water and show how he can supply it, etc., for the residents of any development, but I don't think - and again this is just my opinion, I've never really asked the builders how they felt about it, but I don't think, from what some of them have told me, that they should be in the water business. I would think that the municipality or possibly the State or this super authority, whatever you want to call it, might take over the operation of such plants once they have been constructed. And this, in turn, would protect the residents of the various communities.

ASSEMBLYMAN RINALDI: Senator, do you have any further questions?

SENATOR DOWD: No, thank you.

ASSEMBLYMAN RINALDI: Assemblyman Cobb?

ASSEMBLYMAN COBB: No.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: No questions.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Cocuzza.

We will now adjourn until 2 P.M.

(Adjourned for lunch)

[Afternoon Session]

ASSEMBLYMAN RINALDI: Mr. Macaluso, will you please identify yourself.

A L F R E D M A C A L U S O: My name is Alfred Macaluso. I live in Clifton. I am from M & M Associates. We are located in Cedar Grover, New Jersey.

Mr. Chairman, I want to thank you very much for inviting me here today in order to present my views.

In presenting my statement today I would like this Committee to know that my conclusions have been based upon an extensive study that I have made on water management, water resources and water supply in the State of New Jersey. My studies encompassed the activities and functions of the Water Policy Department and the Commissioner of Conservation and Economic Development at the State level, the role of the Delaware River Basin Commission, the North Jersey District Commission, and the various private water suppliers and municipalities that purvey water today. Many hours of study in the past twenty months, in which I visited over two hundred water systems in the State, have provided me with an over-all knowledge of the water picture that exists in the State at this time. Much of my remarks will be aimed at the issues confronting the State today.

Many words have been spoken and much has been quoted as to the seriousness of the water situation at the present time. However, while it is true that a problem in water supply does exist, it is also true that at this time it is not of a critical nature. The basic problem that is confusing the issue now

is, who is going to do the job of resolving the problem in order to insure an adequate supply of water for the future. The drought of 1965-1966 alerted everyone to the emergency that can be created in the event of a severe drought. Therefore, the necessity of preventing such an emergency from arising in the future and the methods to achieve this end must be determined at this time.

One of the contributing factors that led to this situation has been the lack of storage facilities. In this area the State has been sadly deficient, yet at the same time Jersey City was developing Longview Reservoir, Passaic Valley Commission was developing Point View Reservoir and Newark developed Charlottsburg Reservoir and is now in the process of developing Dunker Pond Reservoir. Nature has blessed the State of New Jersey with an abundant rainfall, excellent watersheds and well fed rivers and streams. The failure has been in capturing waters in times of heavy run-off and storing them for use in times of need. As an illustration on this point, this past year would have seen over ten billion gallons captured in the Pequannock Watershed if Dunker Pond had been constructed.

One of the finest papers on the subject of reservoirs was given by Bob Cyphers, Chief of the Water Resources Bureau in the Water Policy Department, at a Seminar at the Robert Treat Hotel in February, 1967. His paper emphasized strongly the urgent need for the acquisition of reservoir sites, in order to insure an adequate supply of water for the future. Yet in the years that Commissioner Roe has been in office nothing in the nature of developing a reservoir has been accomplished.

It is difficult indeed to comprehend why the Commissioner did not see fit to approach the Legislature to acquire reservoir sites these past years. It is also hard to understand why he did not attack each reservoir project singly, based on the State's ability to fund a partial program, instead of the prevailing



thinking of an "all or nothing" program which would make a bonding funding highly improbable. The old adage of "half a loaf is better than none" did not hold true in this instance.

Another area of controversy is the one that is causing the most confusion at this time. After much discussion on the subject, the issue has finally resolved itself as to whether the State of New Jersey shall be the transmission agency or shall the purveyors who have been doing this for many years continue to do so. The private and municipal water suppliers have done an excellent job throughout the years in providing water at reasonable rates. Many millions of dollars have gone into developing their transmission systems to bring water to their customers as needed. So the basic question is whether they should give up this function to the State or a State agency.

Obviously enough, the answer to these two questions will go far to determine the future water development in the State.

Let us look at the reservoir sites first. The State has recommended that certain reservoir sites be acquired. It is our earnest opinion that steps be taken to do this at the earliest possible time. Of these reservoir sites, those to be constructed as quickly as possible are the Confluence Reservoir, the Six Mile Run Reservoir, South River Tidal Dam and the two Manasquan River reservoirs. Funds for the construction of all but the South River Tidal Dam can be provided by the private water companies, with Elizabethtown Water Company building the Confluence Reservoir at Bound Brook, Middlesex Water Company building the Six Mile Run reservoir and Monmouth Consolidated Water Company building the two Manasquan River reservoirs. These companies have so indicated at the recent hearings held by the Governor's Commission on Capital Needs.

In order to protect the area water supply from salt intrusion, the State should construct the South River Tidal Dam without any further delay. To procrastinate any longer on this project would risk the loss of the present water supply, thereby creating an emergency condition in the area. The State can also fund the Round Valley Outlet line, to let water out of Round Valley reservoir.

The major controversy in the transmission of water is the use of Delaware River water and who will transmit it, and the Round Valley pipeline which is now stalled in the courts.

Let us first consider the Round Valley pipeline and what should be done about it. From the moment that Newark built a pipeline to Elizabeth and began purchasing Round Valley water from the Elizabethtown Water Company, the North Jersey Commission's plan to pipe Round Valley water to Newark became obsolete.

It is amazing to me that the North Jersey Commission has been so persistent in this effort when it is so easily apparent that the Elizabethtown Water Company, with a slight expansion to their transmission system, could bring additional water to North Jersey at a much lesser cost than the mandated pipeline proposed by the North Jersey Commission. It is interesting to note that the Elizabethtown Water Company is one of the most progressive water companies in the nation.

I do not believe that it was the legislative intent for a State Agency to bring water into an area at a much higher cost to the communities involved, when a private enterprise system could do it much cheaper. I strongly urge that this Committee recommend that legislation be enacted to rescind this provision of the so-called mandate to construct this pipeline.

Furthermore, based on the projected growth figures in Hunterdon, Somerset and Middlesex Counties, the per capita use of water will mean that all the Raritan Basin water will be needed to supply the area in the early 1970's. Heavy industrial and population growths in these counties will create a heavy demand for this water. Again, with the Elizabethtown Water Company expanding into Central Jersey, its needs for additional Raritan water will become increasingly greater.

The transmission of Delaware River water to North Jersey brings into focus the Newark project and Commissioner Roe's plan to bring Delaware water in from Frenchtown. The Roe plan, after careful analysis, is a round about way to get water to North Jersey and a very costly method of doing so. The alternative Newark plan is an engineeringly feasible plan to bring water to the North Jersey area by the most direct route and at a much cheaper cost to the purchaser than the Roe plan. Requiring only one pumping procedure, the Newark plan would bring water in along its Susquehanna right of way by gravity flow all the way to its proposed Dunker Pond reservoir. The Newark plan would save a great expenditure of State funds that are sorely needed for other purposes at this time.

Of the 300 M.G.D. allotted to New Jersey, Newark would take 100 M.G.D. with which it can supply water to Warren County, Sussex County, Morris County, Passaic County, Essex County and, through an exchange of water, will be able to supply water to Bergen County and Hackensack Water Company.

The State can then take the remaining 200 M.G.D. and begin to develop a water plan for the southern central part of the State and the lower southern point of the State in order to insure an adequate supply of water for the area's future growth development. Plans should be formulated for the protection of the resort areas' water supply from salt intrusion. These areas will need an outside source of supply to meet their future needs.

The solution to the problem is one of cooperation for a common goal and not one of power play. The State has an important role to play in solving the problem, as do all the local water agencies. How each plays their part will provide the answer to the problem. At this time I would like to quote from a speech made in Sacramento, California, in February 1968 by William Gianelli, Director of Water Resources in California, in which he said - quote - "In my opinion, local water districts provide the foundation of water development and use - more money has been expended by local agencies than State and Federal combined" - unquote.

Based upon the accumulated facts and findings in the past twenty months, I would urge that this Committee call upon the Commissioner of Conservation and Economic Development to sit down with the Newark officials and fit this program into the overall State picture. I also urge that he follow the same procedure with the Elizabethtown Water Company and the Monmouth Consolidated Water Company. It is my firm conviction that local agencies should continue to be the transmission carriers of water from a supply area to its consuming public. Where these facilities do not exist, and where it is not feasible for a local agency to do so, then I believe it becomes the responsibility of the State to fill this void.

I would also urge that this Committee take steps to rescind the veto provision of the Water Act. Under this veto provision Commissioner Roe has been able to hold up approval of Dunker Pond, even though the City of Newark was to have a decision within sixty days under the same law. It has made a mockery of the functions of the nine dedicated citizens who comprise the Council. I do not feel that the action of the Council should be subordinated to the dictates of any Commissioner.

I would also like to add that the Water Policy Department has an excellent underpaid staff, that does its best to cope with the many problems confronting the Department today. This Department is also greatly understaffed and cannot recruit high caliber engineers because of the low salary level. Steps should be taken to correct this.

I will conclude with one final observation, and that is, that the Water Department should be taken out of the Department of Conservation and a Department of Water be created, headed by the present Water Policy staff and a Water Board of Commissioners composed of water people and lay citizens. The Director would have cabinet status, reporting directly to the Governor. I believe this would lend itself to a great degree of flexibility in resolving the issues that face the State today.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Macaluso. I am not going to ask any questions. I am going to defer to my colleagues. Once again, I am going to repeat what I said yesterday: Our failure to ask any questions or my failure to ask any questions is not indicative of my not being wholly appreciative of the testimony and the statement. This is the last afternoon and we have a lot of ground to cover. Accordingly, I am going to hold back on as many questions as possible. We are looking more for information than anything else at this point.

Senator Dowd?

SENATOR DOWD: No. Thank you for your excellent statement.

ASSEMBLYMAN RINALDI: Assemblyman Cobb?

ASSEMBLYMAN COBB: I have no questions.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: No questions. Thank you.

MR. MACALUSO: Mr. Chairman and members of the Commission, thank you very much for giving me the opportunity to come.

ASSEMBLYMAN RINALDI: May we hear from Mrs. Rooney,

please, representing the League of Women Voters.

Will you identify yourself, please.

M R S. F R A N K R O O N E Y: I am Mrs. Frank Rooney, Director of the League of Women Voters of New Jersey in charge of Water Resources. I thank you for this opportunity to speak to you today about conditions in New Jersey which have been of concern to our 9700 members for twelve years. Water, its quality, supply and management has been the object of concentrated study for a number of years. After study, a consensus of members was taken and a plan of action made to cover our areas of agreement. We are presently most concerned with the lack of progress in anticipating and providing for the future water needs of the State. We feel that unless positive action is taken soon, serious consequences will result.

The first and most serious consequence is that in the future the State of New Jersey will be unable to supply the water needs of its residents and industry unless plans are made now. It is generally accepted that the demand for water will increase by 130 per cent by 1990. This demand will be created by a population which is expected to increase by 150,000 annually for a twenty year period. Industry is expected to increase by 50 per cent in the same period. In New Jersey an adequate supply of water is available from precipitation, surface and ground water. However, the storage facilities are not adequate. Reservoirs and dams built on suitable sites, would supply the need for storage. However, reservoirs must be built on sites governed by many technical considerations and these sites are not available in large numbers. These sites are now being lost by

development of the land for other purposes. Five such sites have already been lost and three more are endangered. Dam sites too are in danger of being lost. Development of a comprehensive plan, made known throughout the State, could eliminate loss of remaining lands needed for the storage of water that will meet the future needs of the State. Presently the Corps of Engineers is engaged in a study of the regionalizing of water supply systems in 10 counties in New Jersey and 8 counties in New York. This area has been recognized by the Corps as one of the six areas in the country with critical water supply problems in its future. New Jersey must face the problem and take prompt action in formulating a plan and implementing it.

The second unfortunate consequence we foresee is that of a serious setback to the economic health of the State. This is only a possibility, of course, but one worthy of consideration. One reason for the continued advance in the economy in New Jersey is its easy accessibility to water. If this resource were to become in short supply and perhaps rationed, would firms continue to move to the State and industry already here remain? It is possible they would not. Even the homeowner would be dissatisfied if faced with rationing and the excessive costs of emergency solutions to the situation at the same time. They would look to states with comprehensive long-range plans for developing their resources.

A third consequence we see as being of importance is the added financial burden placed upon the State through lack of planning and the subsequent inadequacy of the funds available.

A project as involved as one providing an urban state such as New Jersey with an adequate supply of water now and in the future, must be planned well in advance. If it is not, costly mistakes will be made requiring changes as time goes on. A program of sound financing would be difficult to adhere to, and perhaps the funds needed would have to be made available suddenly over a short period of time. This would put an added burden on the taxpayers of the State. In contrast, with a comprehensive long-range plan, projects can proceed in an orderly fashion without duplications of effort and mistakes. Sound business practices and financing could be accomplished. The Legislature, which has in the past been reluctant to appropriate money for water supply needs, might be more receptive if a well-developed plan were being followed.

Lastly, confused, inefficient and uneconomical administration of the water needs of the state will ultimately result from the fragmented water management structure in the state. The structure as it exists today is a maze of groups and departments all concerned with various aspects of the management of water resources. There are seven departments with some responsibility for water related matters, and in addition, municipalities and counties also have powers and responsibilities. Added to this are the 378 water supply organizations ministering to the needs of the 567 municipalities for potable water, and 750 sewer treatment organizations for municipal sewage. Our members feel that for the most efficient and economical administration of water management in the State, modifications must be made in the structure to provide for better coordination and cooperation between authorities,



to eliminate duplication and overlapping.

We conclude that the time has come when it is most urgent that action be taken in the planning for the future water needs of New Jersey, and the implementing of these plans. It is most advisable, practical and necessary, therefore, to formulate and implement a comprehensive water supply policy and program to meet the long range water needs of this State. Thank you.

ASSEMBLYMAN RINALDI: Thank you very much, Mrs. Rooney. Senator Dowd?

SENATOR DOWD: No questions. Thank you very much, Mrs. Rooney. It has been refreshing to have you as a witness.

ASSEMBLYMAN RINALDI: No challenge to our prior male witnesses.

Assemblyman Cobb?

ASSEMBLYMAN COBB: I'll go along with Senator Dowd.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: I'll take the minority position. Thank you.

ASSEMBLYMAN RINALDI: You have charmed the Commission apparently. Thank you very much, Mrs. Rooney.

Before we proceed with our next witness, Assemblyman Fekety has received a communication from the City of Bayonne, to which he wishes to refer.

ASSEMBLYMAN FEKETY: The City Attorney of the City of Bayonne, Nat Zinander, has submitted a letter from Mayor Fitzpatrick of Bayonne, requesting that they be permitted to submit evidence and testimony pertaining to the matters before this Study Commission

and advising they can submit it within a week's time.

ASSEMBLYMAN RINALDI: As previously indicated, the record will remain open until the 1st of November and we welcome all additional statements and we thank the City of Bayonne for communicating with us.

Is the representative here from the City of Newark?  
Would you identify yourself, please?

F E R D I N A N D J. B I U N N O: Thank you. My name is Ferdinand J. Biunno. I am the Business Administrator of the City of Newark.

I am happy to have this opportunity to appear before you on behalf of the City of Newark. As you undoubtedly know, the water utility of the City has been placed in the hands of the Newark Municipal Utilities Authority by action of the Newark Municipal Council pursuant to the authority of the Municipal Utilities Authority Law. The burden of water administration, therefore, has now been placed upon the shoulders of our Authority. Its Vice-Chairman, Councilman Calvin West, will also make a statement on behalf of the Authority.

However, before the presentation by our Authority, I would like to make it clear to this Commission that the Administration and the Municipal Council of the City of Newark support the activities and goals of the Authority.

Further, I would like to state that, not having been present when prior speakers delivered their statements with respect to a completed contract between the City and its Authority, I cannot answer each statement specifically, but I can state without

equivocation, that neither the City nor the Authority is delaying in endeavoring to effect a completed contract.

I must confess that I am at a loss to comprehend the inordinate amount of interest being exhibited by the North Jersey District Water Supply Commission or others. I do not find anything in the books which requires that the City of Newark publicize every step of the negotiations which are being carried on in this matter.

Let me reassure you, so that you will be at ease and not unduly concerned, that every proposal, and any proposed contract, and every part or parcel thereof will be carefully considered, discussed and weighed before it is presented for public consideration, so that it may fully meet the scrutiny and examination not only of those who may seek to criticize and condemn, but, more importantly, so that it may meet with the satisfaction and approval of our taxpayers, residents, businessmen and industrialists.

We have a commitment to all of these people to bring to them the best possible water at the lowest possible price. We do not believe that it will serve any useful purpose to publicize on a step by step basis. We do not intend to be pressured into such course of action solely for the purpose of creating daily reading matter or for any other purpose.

For those who seek to criticize the City for alleged delay, I would point out that our Water Authority was given management of our water supply system on June 19, 1968, by resolution of our Municipal Council. Just four short months have elapsed since then. Contrast this with the inaction of the State on our Dunker's Pond application which was filed in October 1967, a

year ago, during which period of time billions of gallons of water have gone down to the sea. Or, perhaps we might contrast it with the time period since the introduction of the concurrent resolution creating this Commission, which, as I read same, was on March 4, 1968.

Inasmuch as we have mentioned the concurrent resolution, I would like to call to your attention the fourth recital paragraph thereof, which reads as follows, and I quote:  
(Reading)

"WHEREAS, It is clearly evident from the foregoing that the agencies which have been and are now in charge of the planning and development and management of our water supply works have been unable to perform their duties adequately and to discharge their responsibilities fully. . ."

It would seem to me that if we, the municipalities, are to be called upon to evaluate suggestions and recommendations for the future, then we should be fully informed and the public generally advised as to what state officials or what state agencies have been unable to perform their duties adequately, and to discharge their responsibilities fully. Let us first be informed in what respects the State has failed the people whom it seeks to govern and proceed from that point to make changes which will inure to the benefit of all of the people of the State and not seek to foist upon the people of a few municipalities the costly mistakes or failure of the State. I would further state that I find nothing in your concurrent resolution which orders or directs that the hearings of this Commission be made a public forum for the airing of the disputes presently existing

between the City of Newark and the North Jersey District Water Supply Commission, particularly with respect to those matters which are presently pending before the Courts of this State.

However, if this is to be one of the objectives of your Commission or any member thereof, then I would refer you to your public policy statement as contained in the first statement of Revised Statutes 58:5-33, which states as follows, and again I quote:

(Reading)

"It is hereby declared to be in the public interest and to be the policy of the State to foster and promote by all reasonable means the prompt, efficient and economical transmission, treatment, filtration, distribution and use of the water supplies acquired and developed by the State."

If this is still the policy of the State, then I recommend that you determine whether it is also the policy of the North Jersey District Commission, for they are insistent upon the performance of a contract whose skyrocketing costs have raised objections not only from the City of Newark, but from all other municipalities as well. And Newark's position further is that neither the means being used or the project itself are either reasonable, efficient or economical, in providing water for our residents, industrialists, businessmen or taxpayers.

To make our position clear to you, I quote at this time an excerpt from the statement of Mayor Hugh J. Addonizio made before the Water Policy and Supply Council on March 8, 1967, and I quote as follows:

"Now, in conclusion, let me state for the record that

notwithstanding what has happened in the past, Newark stands ready, willing and able to cooperate with the State Water Policy and Supply Commission and/or the North Jersey District Water Supply Commission in an attempt to resolve this matter. However, we will not permit the taxpayers of our City to bear yet another burden which will be reflected by increased costs for water and we must be convinced beyond a shadow of a doubt that any project of the North Jersey District Water Supply Commission in connection with the development of the Round Valley-Spruce Run project will bring to the City of Newark, water at a fair and reasonable cost and not the confiscatory amount that is now projected in their current plans."

This statement makes clear the position of the City of Newark with respect to the water costs envisioned by the proposed project.

Since we are on the subject of the North Jersey Commission, I want to stress one other point on which we have been seeking some action by the Legislature, and as to which none has been forthcoming. That is the matter of representation.

If you check the records, I believe you will find that the City of Newark, which owns a 40 per cent interest in the Wanaque system operated by the North Jersey Commission, has not had a representative on that Commission for approximately twenty years. Now, we are not advocating that Newark alone be given such representation on that commission. What I do state is that a system which was established in 1916, which was not accepted and put into effect by one-half of the State, and which has not been proved to be effective in the resolution of water problems, is

too ancient, archaic and outmoded to be worthy of continuance in the present time. The present system should be placed upon the scrap heap.

In place thereof legislation should be enacted which would give adequate representation to all participant communities and such representatives, acting as do Boards of Directors in private companies, could carry on the affairs of the Commission, as do private corporations, by a majority vote of the Board.

The representation of the communities could be apportioned either on the basis of population or the dollar investment of the community involved. Either method is much more preferable than any system, such as the present one, where representation is dependent upon politics or political power and succeeds, in many instances, only in depriving so many people of a voice in their own welfare.

In making this suggestion I want to stress emphatically that it is the system which I criticize and not any individual presently serving on the commission. The present system, by depriving all communities of adequate representation, is the equivalent of "taxation without representation" for it is from the pockets of our hard-pressed taxpayers that we are compelled to extract the funds to carry on these water operations. And to this, it is now suggested that there be added the costs for a state water czar or authority. To this point, I would answer by again quoting the statement made by Mayor Addonizio at the State Water Policy Hearing, and I quote as follows:

"In my opinion, all water systems, whether public or private,

municipal or regional, should be encouraged to exercise individual initiative and planning, and be fully assisted in research, planning and execution of projects which will develop other sources of supply of potable water, to the end that future drought conditions may be faced with confidence."

Newark has been moving on its own initiative, and it might be added, at its own cost and expense, to meet the future with confidence. And Newark will continue to be ready and willing to lend its assistance to, and cooperate with the State, in order to help solve the State's problems as well as its own and those of its users, neighbors, customers and other communities. Thank you.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Biunno. Do you have any additional comments or observations you would care to add to your formal statement?

MR. BIUNNO: I think, Mr. Senator, that you can gather from what we have said that our concern is as deep and as great as that of the State in effecting the supply of adequate and cheap water for anybody and everybody who may need it.

Having lived through drought conditions which occurred and having taken action to remedy those conditions and having to do so in a hurry because they hadn't been done for years theretofore, we are well aware of the fact that much of the activity which has to be undertaken can be a costly aspect, but we also believe that by discussion between the communities - and I am talking now not in terms of having somebody who is an authority devise a plan and insist that this is the only plan which can be carried out - but rather in terms such as a discussion



as perhaps is being presented here or can be carried out by those who are the experts in a particular field - there can be ways and means devised which would undoubtedly in my opinion from what I have had in the line of discussions come up with plans that may very well succeed in overcoming many of the conditions that exist and bringing us water probably on a much cheaper basis. I think this sort of activity is what is referred to by the Mayor in his statement with respect to individual initiative. I think that we have to bear in mind that no one person, whether it is I or you or anyone else, in this State has all of the answers and all of the solutions.

I might say that we up in Newark haven't taken the attitude or the position that we have all of the answers to the problems of the city. We listen to and welcome discussion, ideas and suggestions with the thought in mind that someone may have a better idea than we have and we can put it into action.

This sort of discussion and this sort of activity, in our opinion, should be continued. It should not be stifled nor should there be any road blocks placed in its way because we are all aware of the fact that everyone is motivated with the thought and by the thought of getting water in as quickly as possible and as cheaply as possible.

Now I have heard some mention made here with respect to the matter of cost and perhaps many people who are not aware of our situation may think that figures that are being quoted today may be reasonable ten years from now or fifteen years from now, but unfortunately we are not dealing with problems in terms of dollars that are going to come fifteen years or ten years from now.

We in the City of Newark are confronted with problems which exist today. For example, the projection which has been made to us with respect to terms of costs to our customers and our users of this water if this project went through is that it would cost us about double what it presently costs. When I say "us," I refer to our users - what they are presently paying.

You may not be familiar with the fact that of our 26 largest water users, we have three breweries, several chemical companies and several paper companies, all of whom use water totalling in the billions of gallons a year.

ASSEMBLYMAN RINALDI: I think it is fair to say they represent a very large part of your consumption within the City of Newark.

MR. BIUNNO: No question about it.

ASSEMBLYMAN RINALDI: Do you have an idea of the percentage that is actually used by, say, the brewery industry?

MR. BIUNNO: Very frankly, I would not want to quote it. We have ideas. We have figures.

ASSEMBLYMAN RINALDI: It has been said that 20 per cent of the water consumption of the City of Newark is used by the breweries. I am just curious to know if in fact you could substantiate that.

MR. BIUNNO: Again I don't want to get into a question of quoting what they use because each one has its own use consumption with respect to the making of its product and it is something that they don't publicize.

ASSEMBLYMAN RINALDI: I see.

MR. BIUNNO: But it is substantial. It is a basic of their

product production and if you increase the cost of this raw material, as we would term it, to them, they are all - and this goes for the breweries, the chemical companies and the paper companies - in highly competitive businesses, and were this to happen, what would occur? In my opinion undoubtedly these gentlemen - and they couldn't be blamed for it - would think in terms of, "Let us go to another location where we won't be saddled with these costs and we can meet competition and stay in business."

Now every manufacturer, every businessman, and every industrialist and anybody who is investing his dollar wants to go where he can produce a cheaper product than his competitor so that he can stay in business and we just don't want to lose these people. We have lost enough in the line of ratables. We have lost enough in the line of businesses and we don't think that we should be placed in this unfavorable position. I would invite any of the Senators who care to, to join with me and I would be happy to bring any of these representatives in to a meeting where you could talk with them. I might say that when we considered what our rates were to be after the emergency situation and we had expended moneys, we didn't immediately increase our rates. We acted on the basis of our old rates for a period of approximately a year in order to determine as exactly as possible what would be a fair and reasonable increase in order to put us back in what we call a black instead of a red operation. And in doing this and arriving at this point and at our new rates, we met and we talked with and we had meeting with us representatives of our Greater Newark Chamber of Commerce.

As we are in a position where we must be concerned to a great extent with costs and with Newark's present situation, I can't see anything but further difficulty and further trouble for us if we are going to be burdened with this type of cost because one of our attractions is the fact that we are able to supply such good water at such a cheap cost. That is what brought the breweries to us in the first place. That is what has caused these breweries, for example, such as Pabst to invest or go into a program of investing at least another 20 or 30 million dollars in the city in its plant operation and additional millions by Ballentine. So much on the question of cost.

While listening today, the thought occurred to me that I hadn't heard too much mention on another subject that I consider of equal importance in connection with a study of what this State needs and particularly the Northeastern New Jersey area, and it came up - it was suggested by the Mayor when Governor Hughes first appeared in Newark on a water conference with respect to our then problems back in 1965, and that is the subject of interconnections between various water operators. You know one of our biggest problems that we found during the times of the drought period was the fact that Newark had a water supply at an elevation which was much higher than its neighbor, the Wanaque system. And while provisions were made for Newark to supply Wanaque, which would have been done by gravity flow, the reverse wasn't true, that water wouldn't run up the hill and there was no method for pumping it and it presented a serious gap, with respect to which we had to move in a hurry in order to put in a pumping station and be able to

transfer from Wanaque to the Pequannock system 25 million gallons of water a day. This condition exists among many of the water purveyors here in the State.

Now it certainly seems to me that one of the problems that should be attended to is the matter of interconnections between the various water systems. For example, if you in your community have a breakdown and are not interconnected with another system, you may very well be in the position of finding yourself without water. Whereas, if you are interconnected, then your neighbor may be able to supply that which you need in spite of your breakdown. It is reminiscent, for example, of that electrical bridge system which the State and the power companies are embarked upon. To me, this is an important aspect. I haven't heard any mention of it, but I thought I would like to mention it in view of the fact that, I believe it was the representative of the Hackensack Water Company who made mention of the fact that perhaps in 1975 they are going to have to look for a new source of water supply. We believe from what we have been given in the line of information that there may be a source of supply available even to the Hackensack Water Company if the City of Newark is permitted to go ahead with its own plans, which will bring in millions of gallons of new water to this Northeastern New Jersey area and will bring it in in a hurry.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Biunno. Do you have anything further you would care to add to the record?

MR. BIUNNO: No. I would like to present, if I may, Councilman Calvin West of the Water Authority and I will explain that he is appearing here today because the Chairman, Mr. Carlesimo,

is confined in the hospital.

ASSEMBLYMAN RINALDI: I have a few questions and I think my colleagues have some questions so before we go over to the Authority, if we can just stay with the City of Newark for the minute.

I might suggest with respect to one of the comments made here, in which you have indicated that you find nothing in this resolution, namely, ACR 31, which sets up this Commission, which orders or directs that the hearings of this Commission be made a public forum for the airing of the disputes presently existing between the City of Newark and the North Jersey District Supply Commission, I agree with you. The direction of this Commission certainly transcends the Raritan Valley project dispute. This is but one phase of the many problems which are most obvious today in the whole problem of water management within the State and we have made every effort during these past few days not to get bogged down, if you will, on this project which, of course, has problems which we are all aware of.

So the function of this Commission is certainly not to make or to present a public forum for the airing of this dispute. That would be totally ludicrous. The fact of the matter is this Commission hopes to make recommendations which will address themselves to the problems which transcend one particular problem, namely, just the Raritan Valley dispute. So I would just like to get that straight on the record.

Of necessity, since it is such an obvious and immediate problem, when you go to the larger problems you must, of course, give some attention to an immediate problem. As a matter of fact,

it just points out the area of problems.

I noticed that you made mention earlier in your testimony, Mr. Biunno, of an adequate and cheap water supply and I think you have hit the nail right on the head in the sense that when we consider the problem of water, we must consider it from two standpoints, and I agree with you wholeheartedly. We must consider the problem of an adequate water supply and albeit a cheap one and we must resolve that very difficult dilemma. And I realize full well that the problem is not an easy one to resolve.

Since you have brought up the subject of the Raritan Valley dispute, I would like to ask you a few questions about the project and about the position Newark has taken and, with your permission, I would like to just go into that if I may.

Apparently as I have read the decisions of the Court - and I am referring to Judge Mountain's decision, the original Superior Court decision, the per curiam decision of the Supreme Court, and I read the briefs submitted by your counsel and by the counsel of the North Jersey Water Supply. Of course, the problem goes to the contractual arrangement which the Supreme Court upheld and the basis of your dispute, as I see it, was once again this element of cost. You maintain that the cost factor was such, as was not originally contemplated between the contracting parties - I believe that was the basic position of Newark - and the cost factor continues to be such that Newark just cannot buy water at the price that the Raritan Valley project would deliver water to the City of Newark for.

What do you maintain, Mr. Biunno, the City of Newark could

deliver water for per m.g.d.? What price would Newark be able to deliver water to the other participants?

MR. BIUNNO: Are you speaking now, Assemblyman, with respect to today?

ASSEMBLYMAN RINALDI: Today, yes.

MR. BIUNNO: Or tomorrow?

ASSEMBLYMAN RINALDI: Today.

MR. BIUNNO: I think it has been well publicized in the press. Of course, I haven't gone over my notes. I might say that these are not all my notes on the matter. I have about eight or nine more files and a file drawer full of material on this particular subject. But having been involved with respect to the situation heretofore, I thought that it had been well publicized that the City of Newark and now the Water Authority stands ready to execute a contract with those who desire to purchase water from it at the rate of \$165 a million gallons, as compared to quotations which we have received - and this, of course, from the North Jersey Commission - that run as high as \$280 a million gallons.

While I am on the subject, I might add, just about two years ago - I think it was in November and December of 1966 when we first became aware of the fact that what had been projected as the original cost for this project which I think then was in the neighborhood of \$45 to \$50 million -- when we became aware of the fact that the talk then was that this project was going to cost \$70 million and at which time I think the records will disclose no contracts or any action had been taken outside of the contract between the North Jersey Commission and the various municipalities,



I appeared before the North Jersey Commission, if my recollection serves me right, on two occasions, at which time I made known to the Commission the information which had been brought to my attention. I also developed and presented to them the cost factors as it affected the City of Newark and the City of Newark's investment, which, if we talked in terms of 25 per cent of \$50 million, would be \$12 1/2 million, and if we talked in terms of 25 per cent of \$70 million would be approximately \$18 million, but which if we analyzed it on the basis of an amortization of the greater debt over the life period of the bonding aspects which are going to be undertaken on a contemplated basis of a 40-year term would be much more expensive. And at that time, I requested - and I might say categorically my request was turned down - I requested the Commission to sit down and discuss the situation with all of the partners and the contracting municipalities who were about to undertake this particular project because cost was then to the best of the information we had going to exceed by a great deal that which had been anticipated.

Now I have not under any circumstances felt that I am in a position to judge solely that which is a proper cost. But I have felt at all times and in all respects, and I have said so before and I repeat now, that when you pass upon an expenditure, if I am going to be involved in this as a joint undertaking with you as the representatives duly provided for according to law, that I and any others who are involved should be given a full opportunity to be heard and then if our objections are valid, we go back to the policy of the Legislature and in spite of the contract, as the representatives entrusted with the obligation

of looking out for the welfare of the millions of people who are going to foot this cost, it be presented to them that while the municipalities may have executed the contract and while they felt that this was acceptable on the basis of \$165 or \$175 a million gallon, it is not appropriate nor is it proper nor is it an action to be taken that they be compelled to undertake costs which may run as high as \$300 now at the latest figures and perhaps even go a lot higher than that when the full project is completed.

ASSEMBLYMAN RINALDI: Mr. Biunno, may I ask you a question? Of the \$165 per m.g.d. that Newark would propose or that the Authority, whoever would be in a position to sell the water to, say, the Raritan Valley participants if they decided to disband or for some reason the project were to dissolve itself -- Now you can sell water at \$165 per m.g.d. What goes into the computation of that figure, \$165? That is the cost of raw water, of course, and treatment, and what else?

MR. BIUNNO: I would then have to go back and get our financial people to give me all of the total aspects. I couldn't give you that offhand.

ASSEMBLYMAN RINALDI: But it is basically the cost of water delivered to Newark, treated ---

MR. BIUNNO: Oh, no, no. I think, Assemblyman, you are mistaken in that respect. Don't forget that in addition to the cost of water, you have treatment facilities, you have your initial investment plus its carrying charges which ---

ASSEMBLYMAN RINALDI: Well, isn't it a fact that you would buy water from Elizabethtown Water at such a price. What is

Elizabethtown Water Company selling water to Newark?

MR. BIUNNO: The contract originally with the Elizabethtown Water Company which we negotiated back in 1965 at the time we completed the expenditure of over three and one-half million dollars or approximately three and one-half million dollars to build a pipeline that connected us with the Elizabethtown Company ran for a period of ten years with a ten-year period of renewal. It carried with it a price tag of \$132 a million gallons. I believe that they are making application on which the Public Utility, of course, has jurisdiction and may pass judgment for an increase in those rates.

ASSEMBLYMAN RINALDI: So in fact the price that Elizabethtown delivers to you now may even be higher if in fact they were to get a rate increase, isn't that so?

MR. BIUNNO: That too will depend upon what they present by way of facts and that are adjudicated upon by the Public Utility Commission.

ASSEMBLYMAN RINALDI: That is a distinct possibility.

MR. BIUNNO: In its essence you have a comparison of a private water company, which is in the business of delivering water and making a profit on it, delivering water, let's say, at a cost of \$132 or, if you care to use any higher figure as an example, \$137 to the City of Newark as compared to a project which will probably run well over \$300 which will also, as we have been told by our consultant, require the expenditure of approximately \$7 million with respect to our pipelines and when you add those costs to the cost of the water for this particular project, you know you are in a prohibitive field.

ASSEMBLYMAN RINALDI: Now let's get back to the \$165. You say you can deliver treated water to these communities for \$165 and, in fact, if my memory serves me correctly there is a \$7 million item which would be undertaken by Newark to refurbish their transmission lines so that they can deliver water to these particular communities, which I think might even bring the figure up a little higher.

MR. BIUNNO: I want to differ with you, Assemblyman, in that respect. You are saying - and I take it from what you are saying that you are implying that in order to deliver this water to the customers, Newark would have to expend a \$7 million figure for the purpose of improving its line. My recollection - and again I must say to you I haven't gone over the data on this - is not that that \$7 million expenditure is required for that purpose, but rather that that \$7 million will be required for the purpose of putting the Newark system in a position of receiving the Round Valley-Spruce Run water brought to Newark, not the Elizabethtown water. At present, and this is factual ---

ASSEMBLYMAN RINALDI: Let me ask you this: ---

MR. BIUNNO: At present - if I may give you the data as I have it - Newark is connected with the Elizabethtown Water Company through a 48-inch main. That main delivers on an average of 10 million gallons of water per day year round. There are peak periods when we get more and there are some periods when we don't get any. But that main, with minor improvements, as I am told by the engineering experts and I think Mr. Gorham is the one with respect to the Elizabethtown Company and Capen-Rigo with respect

to the city's aspect of it, - with minor improvements will be capable and can be made capable of bringing into the City of Newark approximately 50 million gallons of water per day.

ASSEMBLYMAN RINALDI: The same pipeline with only a minor improvement can bring in 50 million gallons a day as opposed to 10 million gallons per day?

MR. BIUNNO: That's what I am told.

ASSEMBLYMAN RINALDI: That is five times the amount of water in the same pipeline.

MR. BIUNNO: That's correct.

ASSEMBLYMAN RINALDI: Well, I am not an engineer so obviously I can't pass comment on it. It is a rather astonishing revelation. If it is true, I am surprised, but I am no engineer.

MR. BIUNNO: As I said, I was involved in this at the time we built the pipeline. I might tell you that during the year 1965, our Pequannock system was at that point where we were at 7 per cent of total capacity. I am sorry I didn't bring my charts with me.

ASSEMBLYMAN RINALDI: I am well aware how low down you were.

MR. BIUNNO: We were at 7 per cent of total capacity of a 14.365 billion capacity watershed, which gives you about --

ASSEMBLYMAN RINALDI: Can I get back ---

MR. BIUNNO: Let me, if I may, since we are on the subject -- and that was less than a billion gallons of water on hand and we had arrived at that point and fortunately in spite of the fact that I as the Business Administrator of the City of Newark had been told by others prior to that time that we couldn't build this

interconnection, we went ahead and built it. We built it within a reasonable period of time, a very short period of time by comparison, and at a reasonable cost and we produced the water that was needed for the city and pulled us out of that deep hole into which we had been placed. At that time our engineers informed us that this 48-inch water main - and the engineers, as I said are here today - had a capacity of delivering without pumping 40 million gallons of water a day into the City of Newark.

Now during this period of time, as I mentioned to you, the transmission of water into Newark via this pipeline hasn't been on a regulated 10 million gallons of water a day; it has been on what the State has termed surplus water availability, as I remember the phraseology, and some days we may get 25 or 30 million gallons a day. So there has been a demonstrated capacity of this line to bring in that quantity of water per diem during the past period since November 1965 when the plant went into operation without pumping facilities. To that then, if you add pumping facilities, you can add the additional amount needed to get 50 million gallons of water into the City of Newark. This point has been overlooked.

ASSEMBLYMAN RINALDI: Now the contract that the City of Newark would offer to subscribing communities who would buy water from the city, as I understand it, is the standard type of contract you present for the sale of water and it is a 20-year contract - isn't that what you have contemplated? - with a 5-year open end clause to review the price of water and the rates of water.

MR. BIUNNO: Well, let me put it to you this way: I don't know what you mean by a standard water contract since I

haven't made it my business to read all of the existing water contracts around.

ASSEMBLYMAN RINALDI: Let me rephrase the question. How long a period of time would you guarantee a purchaser from the City of Newark the price of water?

MR. BIUNNO: The provision in the contract - and having been the author of it, I believe I have a bit of familiarity with it ---

ASSEMBLYMAN RINALDI: Then you are familiar with the contract.

MR. BIUNNO: [Continuing] -- provides that at the end of any 5-year period during the term, the city may review its costs and cost factors and cost basis and renegotiate with the contracting municipalities in the event that an increase is indicated. There is no mandatory feature with respect to it. It is merely a matter of a situation where, if our costs increased to such an extent that we are losing money, we don't want to again be placed in a position of supplying water and losing money on it because we have an obligation to our people to operate this as a self-sustaining utility. Now certainly I don't think that anybody would want us to operate - maybe I should qualify that "anybody" - our facility and supply water which is needed at a loss. And I do think that any person who needs a product is willing, when the facts and the cost factors are exposed, to add to that whatever may be necessary in order to keep the utility in its proper operative capacity.

ASSEMBLYMAN RINALDI: Well, it could well be within the next 20 years a purchaser, say, the Town of Bloomfield or

Glen Ridge, whether on a direct basis or on an exchange basis, could be paying a lot more than \$165 per m.g.d. Suppositional, of course, but the possibility exists. Take that situation viz-a-viz the situation in which the Raritan Valley participants are given a price of water from the North Jersey Water Supply Commission. Now when they are buying the water from the North Jersey Water Supply Commission, they are not only buying treated water, but as I understand it they are buying a pipeline. They are becoming an owner of a capital project. Of course, obviously when you become an owner of a capital project, you have to pay for it. So a Raritan Valley participant, as I understand it, is not only paying for the cost of delivered water, but is also paying for the cost of the pipeline. I might say and commend the City of Newark historically because when they built the Wanaque Reservoir 40 years ago, I have been informed that Mayor Raymond had the wisdom - they called it Raymond's Folly then - to engage upon the building of the Wanaque system and albeit the cost of water many years ago was expensive, but now that the Wanaque system is practically paid off - I think it will be in the next year or two - very cheap water is being made available to those partners who had the courage to engage upon that project 40 years ago, a project which would appear to be somewhat similar to the Raritan Valley project. So I say it would seem to me that in one case, the Raritan Valley project participants are buying not only water, they are buying an investment in a pipeline. They are going to own it. When they buy water from you, they are buying water, but they are still always maintaining a landlord-tenant relationship and the rent can go up every five years. So when you



speaking of cost, isn't that an honest appraisal of the situation, Mr. Biunno?

MR. BIUNNO: May I say to you that I do not agree with you, Assemblyman.

ASSEMBLYMAN RINALDI: I would appreciate knowing where I am wrong because this apparently is the nub of the controversy.

MR. BIUNNO: The figures which are being circulated as cost factors - and I think they encompass principal and interest costs, carrying charges, maintenance and operation - and if you examine those figures as we have examined them, you will find that throughout this 40-year period that is projected for the bonding of the initial obligation to be undertaken, your maintenance and operation figures are static and if you contrast that with the situation that was the actual experience on the North Jersey Commission and refer back to them, you will find that the figures will indicate that our carrying charges may have remained fixed by virtue of the initial investment and the fixing of the interest rate with respect to it, but our annual operating costs - I might add, over which we have no control - have been constantly rising and are approximately four times what they were initially, if not more.

Now with respect to the fact that the individual may be buying a proprietary right which will inure to his, shall I say, successors, 40 or 50 years from now, this may be very well and good and it may be an appropriate thing to do, provided that you can afford it. I am certainly not going out in my present condition and buy myself a mansion that is going to cost me one hundred thousand dollars which I can't maintain or afford to operate and

live in. I may very well come back and buy a fifteen or twenty thousand dollar home which is within my capacity financially.

Now when you don't have the money and you don't have the ability, as I see the picture, but, of course, I am only a Business Administrator, you don't buy. And when you don't have the money and you don't have the ability, you don't spend. You may talk to me and try to convince me to the contrary, but I just don't believe in subscribing beyond the ability of my own credit standing. And if a municipality enters into a contract with the City of Newark and endeavors to negotiate with us and is not satisfied and perhaps may have an opportunity in the future to get itself a proprietary interest, I don't think that the City of Newark has in the past or will in the future insist that that municipality defeat its own best ends by our insistence upon their adhering to their contract, particularly when from all that I have read and all that has been published by the State and by all of the experts and all of the purveyors, ten and twenty years from now we are not going to have enough water for our population as it may then be, envisioned and projected at this time. So at that period of time, it would certainly seem to me we would have no difficulty in getting anyone to replace anyone who wanted to get off the system.

ASSEMBLYMAN RINALDI: Mr. Biunno, I understand that Newark would rely eventually on bringing Delaware water to the city - correct me if I am wrong - through the construction of an aqueduct on the right-of-way which you recently purchased from the Susquehanna Railroad. Is that correct?

MR. BIUNNO: May I correct you?

ASSEMBLYMAN RINALDI: Yes, please.

MR. BIUNNO: You referred to the Delaware?

ASSEMBLYMAN RINALDI: Yes.

MR. BIUNNO: It isn't necessarily what we are aiming for.

ASSEMBLYMAN RINALDI: May I ask then: Where does Newark intend to get its future supply of water from if the Raritan Valley project were to fail?

MR. BIUNNO: You are referring, of course, to Tocks Island.

ASSEMBLYMAN RINALDI: Yes.

MR. BIUNNO: Our experts don't necessarily plan at this time to go to Tocks Island. There is intermediate in location another source - and I am looking at this solely for the purpose of getting the proper designation of this area - where water can be obtained and water which certainly should be sufficient in order to supply us with our needs. I think Dr. Capen who is here can tell me that quickly. [Mr. Biunno confers with Dr. Capen.] As I am informed by Dr. Capen, the contemplated aspect is Yards Creek or intermediate streams in that area and not necessarily Tocks Island or the Delaware.

ASSEMBLYMAN RINALDI: How would you get the water from, be it the Yards Creek Reservoir or the Tocks Island area or wherever your future source would be, - how would you bring that water to the City of Newark?

MR. BIUNNO: I would assume by the same method that you are going to bring water from Round Valley, by pipeline. I don't know of any other method unless you talk in terms of a

gravity-fed stream which is presently existent and as to which you supplement the flow.

ASSEMBLYMAN RINALDI: Do you contemplate building a pipeline then over the Susquehanna right-of-way which you purchased?

MR. BIUNNO: Well, again, I can answer that one, although not from an engineering sense --

ASSEMBLYMAN RINALDI: From a cost sense - in the sense that you are building a capital structure.

MR. BIUNNO: You asked whether we contemplate.

ASSEMBLYMAN RINALDI: Yes.

MR. BIUNNO: Of course, we contemplated that when we bought it.

ASSEMBLYMAN RINALDI: Now wouldn't that cost, building that pipeline, whatever the cost may be, go into the future cost of water delivered to Newark? It is a capital cost.

MR. BIUNNO: There is no question that it would go into that cost. Are you referring to the cost of acquisition or the cost of construction?

ASSEMBLYMAN RINALDI: Both, cost of acquisition and construction. The acquisition, I understand, -- I think you have already bought the right-of-way.

MR. BIUNNO: Oh, we bought the right-of-way.

ASSEMBLYMAN RINALDI: It is a question of construction of the aqueduct itself.

MR. BIUNNO: I just wish that we could buy as much more land as cheaply.

ASSEMBLYMAN RINALDI: I understand you made a very fine

purchase at a very reasonable price.

MR. BIUNNO: That's right.

ASSEMBLYMAN RINALDI: So you do have a potential capital cost of building a pipeline yourself to bring distant waters to Newark, the cost of which may well go into the cost of water that you are going to sell to other municipalities. Isn't that true?

MR. BIUNNO: It may very well.

ASSEMBLYMAN RINALDI: Sure.

MR. BIUNNO: We don't dispute the point. If we are going to invest money, we certainly have a capital cost.

ASSEMBLYMAN RINALDI: That's right.

Now Commissioner Roe indicated that nobody seems to be sure - and I think even Mr. Wright of the Delaware River Basin Commission indicated - nobody seems to be sure as to just how much water can be taken from the Delaware, when it will be available and how much it is going to cost. Is that a safe assumption?

MR. BIUNNO: Well, I can't answer that. I would certainly accept the Commissioner's statement as being accurate to the best of his knowledge and ability, but I would think that the proper answer would be given by those who are in authority and engaged with the development of the project. From the information which we have been given - and we consider that it is reliable - the water will be available and will be available, as I understand it, to the extent of 300 million gallons a day for New Jersey. Is that correct, Dr. Capen?

DR. CAPEN: Yes.

MR. BIUNNO: Now if that water is going to be available and it is there and we, as I see the picture, are in a position now to move ahead to get it, then we can thereby relieve the problem areas of the State. And if we can do it at a reasonable cost - all of these are problems that we, of course, would have to weigh and determine and as conceited as it may sound, we are confident of our ability to do so - certainly it would seem to me in line with what we have said with respect to individual initiative, that all of us in this room on a State level and on any other level should get together and those who are not directly involved in it with us should push us to get this done and to get this water supply in.

I think comment was made heretofore by a prior speaker that he certainly hoped that when the water was available, we or some one or the State would be ready to take it, transport it and transmit it, to where it was needed. We think we can be in that position at the time that the water is made available. We certainly see nothing wrong with fully exploring our ability to do so and getting ready to do it in the event that it comes to pass, whether it be now or in the future.

ASSEMBLYMAN RINALDI: Thank you, Mr. Biunno.

Senator Dowd, do you have any questions?

SENATOR DOWD: Mr. Biunno, there has been some discussion throughout these hearings about the jurisdiction of the P.U.C. Does the P.U.C. have jurisdiction over your newly-created Water Utility Authority?

MR. BIUNNO: That is a question which I haven't researched,

Senator, and I therefore would not be in a position to answer. My inclination with respect to such knowledge as I have gleaned in the past is that it does not.

SENATOR DOWD: In your consideration as to - I think you said \$165 per million gallons - in determining that price, was there any discussion or contact with the P.U.C. in connection with the establishing of that price?

MR. BIUNNO: We have not because we are not obliged to. At no time has the city contacted the P.U.C. or been required to contact them because statutorily we are not required to submit to them for approval of our rates and charges.

SENATOR DOWD: Of the total water sources that you presently have available, either through your own systems or through purchase, how much is consumed by users within the City of Newark and how much is sold outside the City of Newark, not necessarily in gallons, but in percentages or any ratio you wish to use?

MR. BIUNNO: Well, I used to know the figures quite well in terms of millions of gallons. Of course, by virtue of changes which were made in so far as drafting is concerned, those figures change, I might say, at certain intervals.

SENATOR DOWD: Well, on an annual basis - roughly?

MR. BIUNNO: I can give it to you on a daily basis. What is it, 90 million gallons in Newark and approximately 16 on service to outside communities?

SENATOR DOWD: About 15 per cent of your water you sell.

MR. BIUNNO: Approximately.

SENATOR DOWD: Roughly.

MR. BIUNNO: I haven't computed it on a percentage basis.

SENATOR DOWD: Do you know what the users in the City of Newark pay in relation to the users in other municipalities within Essex County and generally within a 5- or 10-mile radius of Newark?

MR. BIUNNO: In terms of specifics, no, because that would require a comparison of rates on an individual municipal basis, which we would be more than happy to do, but I think I can say to you without fear of contradiction that we have the lowest water cost charges in the County of Essex.

SENATOR DOWD: You are the lowest probably in North Jersey, is that not so?

MR. BIUNNO: We are probably the lowest in the State.

SENATOR DOWD: You mentioned the loss of many ratables which we all know of in the City of Newark. Have you lost any as the result of your failure to supply water?

MR. BIUNNO: I said to you or to the Commission before that we were very fortunate that we were able to move, move in a hurry and pick up those areas in which we were lacking. I feel very proud of the fact that in spite of the fact of a long-term, continued drought and in spite of the fact that we were compelled by necessity by virtue of the cutback at Wanaque to overdraft our own Pequannock Reservoir system to the extent that we drove it down to 7 per cent of capacity, that not one single employee lost a day's work and not one single business in the City of Newark lost a day's operation as a result of not having sufficient water.

SENATOR DOWD: I think Newark should be proud of that fact. Do you think then if the cost of water to the consumer or user



in the City of Newark were relative to that cost of, say, Verona, Livingston, Fairfield, that you would lose ratables or would lose either industry or citizens if the cost were increased to, as I say, related to that of other municipalities bordering you?

MR. BIUNNO: Senator, may I say, that you are limiting your area with respect to which industry might contemplate moves for the purpose of ameliorating its operating conditions. When you are talking in terms of an industry or industries such as those which we have in mind, I am certain that if they were compelled to make a move and considering the size of their plant operation on a multi-story basis and considering the fact that most today in manufacturing are going to a one-story operation, it would require much more than they probably could find in line of land area in our adjacent communities in Essex County and I am afraid that they might go to much greater distances than just Essex County.

SENATOR DOWD: Do you feel possibly the large breweries might pull out if there was an increase in the cost of water? It seems to me from what you have said that water costs in Newark being as low as they are and in the other communities in Essex, North Jersey and elsewhere in the State it being substantially higher - it appears to me that in a sense because of this abundance of water and this foresight that the city had 40 years ago, presently if water is worth so much a gallon in one area of the State and so much less in Newark that in a sense you are subsidizing by your low rates the breweries and the other industries.

MR. BIUNNO: No, I don't consider that we are, Senator. I think that you overlook one fact, that there are other factors in addition to the cost of water which manufacturers have to take into consideration and this would only be one item with respect to their operation. However, I am fearful of the fact that in those industries where they use large quantities and it forms their basic raw material to a great extent that a doubling of the rates and costs might very well compel them to plan in terms of going elsewhere.

Now I would think that you had somewhat of a corroboration of this attitude from your representative of the State Chamber of Commerce who made a point, and a good point, that one of their concerns is the matter of cost and I would think that in order that all of you might have full information on an expression of this that I could extend to you and I am certain that the Greater Newark Chamber of Commerce would be happy to set up a meeting so that you could meet and talk with these people yourselves and get first-hand information from them as to what their position might be. We know from experience, and I said to you in 1965 when we went through this drought, that we had to go through a process of readjusting our rates and we had the representatives of the Chamber sit with us and there was a great deal of concern with respect to the matter of water charges and water costs and rates.

SENATOR DOWD: I have no further questions. Thank you very much.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: There has been some testimony here

in the past couple of days that the Legislature should give consideration to passing legislation to make Water Authorities like the City of Newark has created subject to the Public Utilities Commission so that if, say, the City of Newark's Water Authority wanted to increase their rates they would have to go to the Public Utilities Commission just as the private companies do today. Now you are in the business end, as you stated earlier, sir, and you talk about a five-year opening clause for reviewing the cost of the water to your customers. Have you taken into consideration what effect this would have on your over-all business proposal if you through law had to go to the Public Utilities Commission?

MR. BIUNNO: I haven't considered it, to be very frank with you. I will certainly give it some consideration in order to give you an expression of what our position might be with respect to it. But I wouldn't give you an offhand answer with regard to it. I don't think that it is going to be helpful or beneficial so far as we are concerned.

ASSEMBLYMAN FEKETY: When you say "we," you mean the Water Authority?

MR. BIUNNO: As far as the city is concerned.

ASSEMBLYMAN FEKETY: Beg pardon?

MR. BIUNNO: As far as the city is concerned.

ASSEMBLYMAN FEKETY: The city or the Water Authority now?

MR. BIUNNO: The city or the Water Authority because, remember, they have to negotiate and a customer has to be satisfied that this is the rate that he wants and, if he doesn't want it, he doesn't buy. Now if you are going to superimpose upon this

a regulation as to the rate by the Commission, as I understand your question, I would say to you it is difficult enough at best to negotiate the contract without having the imposition of another regulatory agency. You have had statements made heretofore, I think, about the ability of the municipalities to get together. That in and of itself should be more than sufficient safeguard for the municipalities concerned to arrive at a contract.

ASSEMBLYMAN FEKETY: Well, once we created the Newark Water Authority, in essence, what we created was a utility and to quote you, you have now a self-sustaining utility. So actually what you have now is a private water utility, the Authority.

MR. BIUNNO: I think that we ought to point out to you, at the present time, particularly in view of the fact that no final contract has been concluded between the city and the Authority, we have an Authority which is operating and managing our water utility and that will be subject to a final contract to be concluded between the parties.

ASSEMBLYMAN FEKETY: O.K. Then from your earlier testimony here actually you have an Authority in name only to date.

MR. BIUNNO: No, we have an Authority in name and in fact. That Authority is managing and operating our water utility.

ASSEMBLYMAN FEKETY: Who has the assets?

MR. BIUNNO: The City of Newark.

ASSEMBLYMAN FEKETY: Do you anticipate at some time to transfer all of the assets to this Authority or is this going to be a part-time Authority?

MR. BIUNNO: Well, you are now asking me to pass judgment

upon that which the Mayor and the Council will pass judgment as to what the ultimate contract will be. I can only tell you at the present time we are negotiating and exploring various ways and means of effecting the transfer, if the transfer is to take place, of all of the assets of the city. We have not arrived at any conclusion with respect to it.

ASSEMBLYMAN FEKETY: Maybe I ought to call to your attention again that testimony has been submitted that we seriously consider all of the utilities coming under the jurisdiction of the Public Utilities Commission.

MR. BIUNNO: I have heard some mention made of it, sir.

ASSEMBLYMAN FEKETY: And we would like to know what the City of Newark's and its Authority's opinion is on that.

MR. BIUNNO: Well, as I pointed out to you before, so far as any contract is concerned, but a short period of time has transpired since the Authority went into actual management and operation and we are engaged in negotiations and we would certainly have a point of view to express with respect to it. However, I don't undertake at this time to express any such point of view since it is one which you require from our official body without first consulting and having it enunciated by the Mayor and Council of the city.

ASSEMBLYMAN FEKETY: Well, let's just put it this way: You are put on notice that there is consideration.

MR. BIUNNO: And I am aware of the fact that the Assemblyman has said that you will accept further statements up to November 1.

ASSEMBLYMAN FEKETY: All right. Thank you.

ASSEMBLYMAN RINALDI: Assemblyman Cobb?

ASSEMBLYMAN COBB: The City of Newark is now a partner in the North Jersey District Water Supply Commission, am I correct in that?

MR. BIUNNO: Not meaning to be facetious, but it would require an interpretation of what is meant by the designation "partner." We have a 40 per cent interest in it. We foot 40 per cent of the cost. We do not have a voice in its management or operation. To me a partnership is when you and I as individuals or as a company get together and you and I have an equal voice as to what we are going to do as well as being equally responsible and individually responsible for whatever our liabilities are and doing whatever may be necessary. In this case, it wouldn't occur.

ASSEMBLYMAN COBB: I have the answer. Now my next question is - and I have to use the word "partner," I think, with considerable reluctance: How is the Newark Water Department or the Authority involved with the Round Valley and Spruce Run reservoirs? Are they a captive interest? Are they in this because they are associated with the North Jersey District Water Supply or did they voluntarily become involved in this water supply?

MR. BIUNNO: No, the Newark Water Authority - the aims and objectives of the city are to turn over management, operation, assets, etc., under an appropriate contract so that the Authority can conduct the water operations and they will be involved with respect to our operation in the North Jersey situation and Round Valley.

ASSEMBLYMAN COBB: That wasn't the question I had in my mind. The question that I would want answered is: Since the North Jersey District Water Supply has entered into an agreement or is contemplating the transmission and distribution of waters out of the Round Valley and Spruce Run, this automatically makes Newark part of this venture or is Newark coming in voluntarily as part of the venture?

MR. BIUNNO: Referring specifically to Round Valley?

ASSEMBLYMAN COBB: That is it exactly.

MR. BIUNNO: Well, you are now asking me to designate the position of the City of Newark and it could best be said that Newark is signatory to a contract and if we are to characterize with respect to the contract, the position would be one of involuntariness.

ASSEMBLYMAN COBB: Then I think I can sum it up by saying that Newark has not changed its position. In other words, it doesn't like the position it is in and has never voluntarily said, "Yes, let's do this because it seems like a good thing to us."

MR. BIUNNO: I can't subscribe to that statement, Assemblyman. Newark has on occasions, more than once - when I say "Newark," I am referring to the Mayor and members of our Municipal Council - been here in Trenton, discussed and rediscussed the various problems and the differences of opinion for the purpose of endeavoring to arrive at a mutually-satisfactory adjustment of differences of opinion and at one stage they were arrived at, or so everybody thought, until a change took place subsequent thereto, particularly with respect to what had been reduced to writing.

ASSEMBLYMAN COBB: I think I could say from my understanding

of your remarks, that Newark is and has been a reluctant partner in this particular project from its inception.

MR. BIUNNO: On the contrary, that is erroneous.

Newark was appealed to by the North Jersey Commission sometime ago for help and assistance in putting this project across on the basis of what was then projected. Newark at that time was willing to undertake it on the basis of what was projected as costs. Newark was asked to change its subscription in an attempt to put this across. Newark changed its subscription from what had been five million gallons and in existence for a couple of years prior to that time, to ten million gallons, and was subsequently approached again for assistance, asked to increase its subscription for the purpose of putting this across so that it could get into being and Newark again responded by increasing its subscription to fifteen million gallons. Subsequent to that when they reached an impasse and were unable to sell this, we were again approached to increase to twenty million gallons a day. At that point, it was turned down. But Newark was willing, is willing and had been willing and will be willing to sit down in order to resolve these problems to get sufficient water into the area where it is needed. We are not concerned, and I don't think we can be particularly concerned, with all of the State when we sit here and we find in what is delineated as the South Jersey area there is no concern with respect to water supply or adequacy of water supply. And I don't think we should be concerned with it. I think our concentrated effort should be the northern aspect where apparently the shortage exists. From what we are told and from what has been said here, there appears to be a sufficiency of



water in the southern aspects.

ASSEMBLYMAN COBB: May I ask what percentage - or is all the water consumed in the City of Newark by meter?

MR. BIUNNO: All of our water is metered.

ASSEMBLYMAN COBB: There is no flat rate charged? I am thinking of the City of Newark with the water shortage they had and the publicity ---

MR. BIUNNO: Well, we have certain categories, for example, schools, hospitals and institutions, where the charges are in exempt categories or very minimal and at a very low rate.

ASSEMBLYMAN COBB: I mean, all the private homes have meters in them and they are read?

MR. BIUNNO: Yes.

ASSEMBLYMAN COBB: Thank you.

ASSEMBLYMAN RINALDI: Before we take a five-minute recess, Assemblyman Fekety just whispered in my ear that not being a student of the law, the only involuntary contract he ever heard of was that of marriage. On that note, we will take a break.

I promised Mr. West that we will resume immediately within five minutes so he can meet his appointment.

[Five-Minute Recess.]

[After recess]

ASSEMBLYMAN RINALDI: Mr. West, will you identify yourself, please.

C A L V I N D. W E S T: Mr. Chairman and Members of the Committee, my name is Calvin D. West. I am a Councilman and Vice Chairman of the Newark Municipal Utilities Authority for whom I am appearing. The Chairman presently is hospitalized. I have with me my advisers, Mr. Anthony P. LaMorte, Executive Director of the Authority, and Mr. Daniel Berardinelly, the Staff's Engineering Manager.

We are most grateful for the opportunity of presenting our view of the water situation in North Jersey and our recommendations for the consideration of your Committee.

The Newark Municipal Utilities Authority was sworn in February of this year and to date has had five meetings. Obviously we have not yet become a body of experts. However, we have taken positions on matters which concern the water of our community and our neighbors and should like to present them to you.

There have been allegations made that our authority is presently presenting a competitive plan of water supply for Newark and our neighboring municipalities without having established complete financial arrangements. I say to you, this is not so! Our Authority has been charged by the City of Newark with the responsibility of managing and operating the former Newark water utility. This obligation will not change the present financial picture. We intend to continue our operation with our neighboring communities and to

coordinate our physical plant with other water facilities in the area. The important item which lies before us is the planning, engineering, management and operation of our physical plant.

The aim of the Newark Municipal Utilities Authority is, of course, to obtain the best solution at the lowest cost. The best solution includes service to our own customers encompassed and helpful assistance to our neighbors.

We feel that the Newark Water situation has been misjudged. We believe, however, that the intent of Newark and its authority is to extend an offer of cooperation in achieving the solution of what appears to be a difficult technical problem.

A proposal which we are prepared to explore is that of a pipeline from the proposed Tock's Island Reservoir to the proposed Dunker's Pond. We would be the first to agree. This must be analyzed in comparison with other proposals. We should not prejudge the answer but wish to place one of North Jersey's difficult water problems directly before your Water Study Committee. We point out that a pipeline from Tock's Island Reservoir to the new Dunker's Pond delivers water at an elevation of 1,100 feet. Comparably a much longer pipeline is indicated on some of the maps which have been exhibited and shows that a pipeline half again as long delivering water to Two Bridges at an elevation of only 100 feet. It must be true that there are advantages to both plans; one cannot categorically discard one plan without a full study of the whole area to see that the best service is given to the over-

all community.

From the Newark Authority's point of view, it is obvious that the Newark consumer would have more advantages with the first plan than with the second.

Using this as an example, we offer our cooperation to an unbiased study of all plans and recommend to your Committee that a cooperative effort be so framed as to take into account the plans, requirements and the studies of all interested parties.

Thank you.

ASSEMBLYMAN RINALDI: Mr. West, I know you have a time problem and we will try not to delay you. Do you have any further comments you wish to put on the record other than your formal statement?

MR. WEST: No, the only thing I can say is that the Newark Utilities Authority is made up of men in various walks of life as Commissioners but not expertise in the words of water. But we are learning and look to our experts, some of which I have here with me. We intend to do the best that we can for the citizens of Newark and the surrounding areas in terms of prices of water and let it be known that our function is to give the service at the lowest cost.

ASSEMBLYMAN RINALDI: Mr. West, the resolution which was adopted by the Mayor and Council of the City of Newark with respect to creating the Newark Utilities Authority, which was passed last February, does that have a time limit on it, at the expiration of which the contract must be concluded for the transfer, or for the contract to be negotiated between

the city and the Authority?

MR. WEST: Well, the resolution states that until the 1st of January the Utilities Authority would be under the jurisdiction of the City of Newark, the Council and what not. At that time, so far as the contract is concerned, it's in the process of being created; we haven't come to any conclusions as yet.

ASSEMBLYMAN RINALDI: My question is, is there any time limit in which that contract must be negotiated by the resolution?

MR. WEST: As far as the City, the resolution states as of or until January 1st. At that particular time, we will make the evaluation whether or not we are going to sign a contract.

ASSEMBLYMAN RINALDI: I see. And, in fact, if the contract is not signed on January 1st, what happens to the proposals of the resolution?

MR. WEST: The resolution could be made where the Authority could still be under the management of the City of Newark at that time, but I'll wait until January 1st.

ASSEMBLYMAN RINALDI: It's conceivable then, in other words, that the contract negotiations could extend beyond January 1st?

MR. WEST: Well, it could, but at the same time the negotiations haven't been set forth as yet.

ASSEMBLYMAN RINALDI: I don't know if you wish to avail this Commission with some of the details of transfer of the assets of the Newark municipal system which I read are

allegedly worth anywhere from seventy to a hundred and ten million dollars. I am talking about the Newark water plant, which is an outstanding one, I understand.

MR. WEST: If the Committee would like in detail some of those facts, I have the experts here with me, and I am quite certain they would be quite happy -

ASSEMBLYMAN RINALDI: Would you want to defer to them?

MR. WEST: Yes, I would.

ASSEMBLYMAN RINALDI: O.K. Now, Mr. West, I know that you've got an obligation to meet and you have a time problem.

MR. WEST: Before I leave, is there anything that any member of the Committee would like to ask me?

ASSEMBLYMAN RINALDI: Senator Dowd, have you anything?

SENATOR DOWD: No, thank you, Mr. West. Thanks very much.

ASSEMBLYMAN RINALDI: Assemblyman Fekety?

ASSEMBLYMAN FEKETY: Just the same question: What's your opinion of the Authority going under the jurisdiction of the PUC?

MR. WEST: Well, it takes further study. At the same time, I indicated that this Authority is for the benefit of the citizens of Newark and, as far as the neighboring communities are concerned, like anything else, we talk in terms of business, which makes up quite a bit of the revenues of the City of Newark, and we look toward police protection, toward health, and toward water. I'm wearing two hats; I'm a

Councilman at large in one instance and a Commissioner of this Utility, and I certainly don't want to drive any business out of the City of Newark. So we have this in mind as far as price is concerned.

ASSEMBLYMAN FEKETY: Now, what was my question?

ASSEMBLYMAN RINALDI: Anything further, Assemblyman Fekety?

Thank you very much, Mr. West. If I may, could I ask one of your experts to assume the stand so I might ask the same question of them?

MR. WEST: Yes, Director LaMorte.

ASSEMBLYMAN RINALDI: Thank you. Mr. LaMorte, will you identify yourself?

A N T H O N Y P. L a M O R T E: I am Anthony P. LaMorte, Executive Director of the newly formed Newark Municipal Utilities Authority.

ASSEMBLYMAN RINALDI: Mr. LaMorte, I ask you the same question: Can you avail this Commission of any of the financial details surrounding the transfer? The only reason I ask that question is because, as I understand, I think it's Title 40, Section 14-b, which avails the municipality of the opportunity to transfer a water system or sewage system to a separate municipal utilities authority. Now, as I read the law, and correct me if I'm wrong - you can either give that system away, you can sell that system, you can lease that system - there are all types of financial arrangements. And it seems to me that when you are dealing with a capital structure of the size of anything reputedly worth a hundred million dollars, the way in which that system is transferred

indeed is significant as to the ultimate cost of water to the Authority or the price at which it will be sold. Isn't that a valid and reasonable conclusion?

MR. LaMORTE: Mr. Chairman, you have to remember the authorities in the City now are working on the details. You are talking about a structure that is tremendous.

ASSEMBLYMAN RINALDI: Indeed, \$100,000,000, I understand.

MR. LaMORTE: You are talking about an inventory to be prepared; you are talking about 63 square miles that the City of Newark owns, rights-of-ways.

ASSEMBLYMAN RINALDI: Will you speak up, Mr. LaMorte?

MR. LaMORTE: You are talking of a tremendous complicated matter. It's not going to be easy. The Council foresees that; the Commissioners do too, but it's very, very important that when you do this, you take it step by step to see that you don't make any mistakes, and that's what we are trying to do now. It's amazing. Every day that you come into work, you find another problem that has come up, and they are working on it now. The financial people are meeting, and when I say "financial," I mean our comptroller and the city of Newark comptroller going over it, and I tell you, at this date I couldn't tell you when we might execute that contract. We are hoping soon.

ASSEMBLYMAN RINALDI: I think with all the problems Newark has, it's reasonable to say we don't want Newark to make a hundred million dollar mistake. Money seems to be one of



Newark's problems and, of course, it's a problem of every municipality.

Well, then, you are in no position to give this Committee the slightest idea as to what the nature of the transfer might be - a gift, a lease, a sale. You haven't contemplated or do not wish to reveal any of those thoughts.

MR. LaMORTE: Actually you hit the nail on the head when you quoted the law.

ASSEMBLYMAN RINALDI: You can do anything.

MR. LaMORTE: You can use, maintain, or operate as part of these -

ASSEMBLYMAN RINALDI: Right.

MR. LaMORTE: To be truthful with you right at this moment, I couldn't say. It depends on - you're sitting and talking to a councilman on one side looking to the best interests of the city, and you are sitting on the other side of the table with a former official of the city who is trying to sit down and negotiate on the other side to see that it comes out right, to protect the interests.

ASSEMBLYMAN RINALDI: Is it reasonable to say, and I ask this question in all sincerity - is it reasonable to say that the results of that transfer could well affect the cost of water to the Utilities Authority and the price at which they would sell it to their prospective customers?

MR. LaMORTE: I would say no. But I am hoping to accomplish with the Authority because the law is clear - to use, maintain or operate.

ASSEMBLYMAN RINALDI: Well, suppose the City were to decide to sell this - let's say it's worth a hundred million dollars and let's say that the City would, in its best judgment, decide that it should be sold for one hundred million dollars to the Newark Municipal Utilities Authority. Now that would be a capital cost to this new Utilities Authority of a hundred million dollars. Now wouldn't that capital cost have to be figured into the cost of water in its sale and the ultimate price of it to customers?

MR. LaMORTE: Well, it would be unfair for me to draw a conclusion but personally -

ASSEMBLYMAN RINALDI: But you are the Executive Director and I would assume you could bring some knowledge to bear on what to me seems to be a very simple financial question, and I'm no expert.

MR. LaMORTE: Well, you see, if I say this now, this is a matter of public record. We are negotiating now, and when you are negotiating you talk over a table and you try to simplify and -

ASSEMBLYMAN RINALDI: Could I ask you a hypothetical question then, and let's forget what the actual terms of the transfer are, because you obviously are not prepared nor able to give me those details. But can we say hypothetically that the ultimate financial arrangements could well go toward the cost of water to the Municipal Authority and to the price of water that they are going to sell to their customers?

MR. LaMORTE: Mr. Chairman, that's too hypothetical for me. I wouldn't care to judge on that.

ASSEMBLYMAN RINALDI: You don't think you can give an answer to a simple hypothetical question of that nature?

MR. LaMORTE: You know, hypothetical questions can be awfully complicated. Until the facts are bared - then we'll make a statement.

ASSEMBLYMAN RINALDI: Do you have any idea as to when this contract might be concluded?

MR. LaMORTE: Well, let me say this to you. Time is of the essence but you still must do it correctly to protect every interest.

ASSEMBLYMAN RINALDI: Well, as I say, we wouldn't want a city with all of Newark's problems to make a hundred million dollar mistake. I agree with you that it must be done with the greatest of care. I have no further questions.

Senator Dowd?

SENATOR DOWD: Mr. LaMorte, excuse my ignorance which is more on the philosophy of this Authority than its legal framework. In Newark there did exist a water department under the Administrative Branch of government? Is that so?

MR. LaMORTE: The Division of Water Supply was one department of eight under the Department of Public Works of the City of Newark. It was a department within the city, yes,

SENATOR DOWD: Under the Administrative Branch?

MR. LaMORTE: Yes.

SENATOR DOWD: And then this creature was formed known as the Authority, of which you are the Executive Director. Is that correct?

MR. LaMORTE: Correct.

SENATOR DOWD: And does that have the capacity to operate, manage and own all water facilities?

MR. LaMORTE: Oh, yes.

SENATOR DOWD: And presently I understand by resolution you are constituted to act in a managerial capacity only. Is that correct?

MR. LaMORTE: Yes, under the operating budget of the Division of Water Supply.

SENATOR DOWD: You are still under their jurisdiction?

MR. LaMORTE: We are operating under the budget, yes, sir.

SENATOR DOWD: Do you have the authority to operate and manage outside the scope of the Department and outside the scope of the administration of local government but on a contract basis? Or I'll add to that question, which might help you to answer: Or must you also own all of the facilities that have been referred to by the questions of Mr. Rinaldi?

MR. LaMORTE: Well -

SENATOR DOWD: You are not able to answer that question?

MR. LaMORTE: I'm not an attorney either.

SENATOR DOWD: All right, fine.

How long does your right to manage and operate, as you are doing now, continue under the resolution?

MR. LaMORTE: The resolution states "the remainder of the calendar year 1968"- commencing on July 1 of 1968.

SENATOR DOWD: What brought about this question of the transfer of capital assets to the Authority from the City of Newark?

MR. LaMORTE: I didn't hear that. I'm sorry.

SENATOR DOWD: There seems to be some question as to transfer of capital assets from the City of Newark to the Authority. Is that a necessary part of the success of this Authority in your judgment?

MR. LaMORTE: Well, let me say this. Let's clarify this so we can have an understanding of what the City of Newark did. The City of Newark created a Newark Municipal Utilities Authority under the statute 40:14 -b, in order to appoint people to take the Water Department out of politics and run it, operate it, and manage it; it created five commissioners by ordinance, appointed five commissioners for terms of five years, one, two, three, four and five; appointed an Executive Director to operate and maintain this. Now they did this for a purpose, because we had problems in the drought, and I can speak for that too because I headed the Department of Public Works and took office on July 1, 1966. As the Director of Public Works, I had eight departments and one of them included the Division of Water Supply, which has been in being over the years in the city. In that department you have over 1860 employees - the Sewer Department, Streets and Sidewalks, and various departments, and what happened was that you never had direct control over the operation of the Division of Water Supply. It was just another division headed by a Division Engineer, and it was more or less like a stepchild. So since we had problems in 1965, the Municipal Council and the Mayor, we didn't want this to happen again, so we met with the Council and authorized a study to be made of the whole Division of Water Supply. It was done and it was recommended that they felt the Water Authority

should be in being. The Municipal Council received that report, they studied it, and they agreed with the Mayor. They went ahead then to enact it and did all the necessary work.

They did this for one purpose: to get it out of the way and actually have people run it like a business. They picked five commissioners with backgrounds in banking, engineering, and put them at the head of this so that Newark could plan that these people go out and do a job. In appointing these commissioners and giving them the opportunity to run it from July 1 until 1968 was more or less like a trial period, the same as if I would buy a business from you and you would come in and run my business for six months, until you were on your own and then you would go forward. But as far as a contract with the municipality is concerned, with Newark and the Authority, that isn't done overnight. It is going to take time, but I assure you, having been on both sides myself and living in Newark all my life, I know the value of water. I know how important it is, I know we can't live without it, and it is one of Newark's richest assets and thank God that the people years back had foresight, and what the Council and the Mayor are doing now is to see that that is carried on, and that that doesn't happen again.

SENATOR DOWD: That what doesn't happen again?

MR. LaMORTE: That we don't run into the problems of the drought. Well, I don't have to explain what we went into; it's been repeated many, many times. That's what it was created for.

SENATOR DOWD: But the success of this concept -  
do you feel it is necessary to transfer the capital assets?

MR. LaMORTE: Now when you say "capital assets," I  
don't quite understand.

SENATOR DOWD: Do you feel it is necessary to transfer  
the physical, all of the attendant assets -

MR. LaMORTE: Oh, you would have to-

SENATOR DOWD: I'm sorry, I can't think of another  
way of putting it.

MR. LaMORTE: Oh, I'm sorry. I'm a little tired by  
now. You do; you must. You could hardly take half a business  
and run it; you have to take it all.

SENATOR DOWD: Don't you think there are many, many  
successful businesses that are nothing more than managerial  
in nature, they own no capital assets, but they are successful  
businesses? There are many, Mr. LaMorte. I am sure there  
are many that exist within the City of Newark that are  
service organizations that have no other capital assets than  
just a few typewriters and a checking account.

MR. LaMORTE: Maybe I misunderstand you. How can you  
run a business?

SENATOR DOWD: Well, you are running one now as  
Manager, aren't you?

MR. LaMORTE: Yes, definitely.

SENATOR DOWD: Couldn't you succeed without ownership  
of the assets which you are managing?

MR. LaMORTE: Let me say this: It's the decision of  
the contractor -

SENATOR DOWD: I'm asking you for an opinion.  
You have had the experience more than I; you've been the  
Director there. I'm just a country boy from Livingston.  
What has your experience told you?

MR. LaMORTE: In order to operate the utility -

SENATOR DOWD: Do you need to own, or can you  
operate without ownership? It's a simple question.

MR. LaMORTE: Well, I would say I would rather own.

SENATOR DOWD: And I'm asking you why?

MR. LaMORTE: That's a good question.

ASSEMBLYMAN RINALDI: Do you want the record to  
show that that's a good question? You may strike that if  
you want to.

SENATOR DOWD: Or aren't there any reasons, Mr. LaMorte?

MR. LaMORTE: Well, I'll tell you - if I had one of  
my Commissioners here who's a banker, I'd let him answer it.

SENATOR DOWD: Well, let me say this to you. The  
absence of ownership hasn't interfered with your ability to  
carry out your post as the Executive Director? You've done  
an admirable job over the past several months?

MR. LaMORTE: Are you asking me or telling me?

SENATOR DOWD: Yes, asking.

MR. LaMORTE: I have no comment.

SENATOR DOWD: I have no further questions.

ASSEMBLYMAN FEKETY: What assets and liabilities  
do you have to date? The Authority, I'm talking about.

MR. LaMORTE: None.

ASSEMBLYMAN FEKETY: Have you requested funds from



the city to run the Authority?

MR. LaMORTE: Well, actually, we have the operating budget by the Division of Water Supply for 1968 and we are operating within that budget.

ASSEMBLYMAN FEKETY: You are operating within the existing budget?

MR. LaMORTE: Yes, sir.

ASSEMBLYMAN FEKETY: I see. As a Water Utility Authority, would you sell water to neighboring communities at their doorstep?

MR. LaMORTE: Are you suggesting that I would sell water and build a pipeline to their door or -

ASSEMBLYMAN FEKETY: I'm not suggesting; I'm asking.

MR. LaMORTE: I would say we have the mains - well, it would depend on who the customer would be and where.

ASSEMBLYMAN FEKETY: Well, is Kearny one of your customers?

MR. LaMORTE: No, they are in the Wanaque partnership with us. We have a connection with Kearny - if they needed it they could have it.

ASSEMBLYMAN FEKETY: Well, under your proposed contracts, my question is, is it going to be a case of your customers will have to come to you for water, or will you bring it to their borderlines?

MR. LaMORTE: Well, normally, when you sell water you have a distribution main and they usually tie their line into your main - the people we are talking of, within our area. It isn't businesslike to sell water to a customer and

then build a pipeline five or ten miles to their doorstep.

ASSEMBLYMAN FEKETY: It isn't businesslike? What does a private utility do now?

MR. LaMORTE: Well, you see, that is totally different. A private utility and the way we are operating under our Authority is different. Private utilities I know have built pipelines to doorsteps.

ASSEMBLYMAN FEKETY: Now the question is, what would your Authority do to the neighboring communities that want to purchase water from your Authority?

MR. LaMORTE: Well, it depends on the location and the problem between the two of how far we would have to go or if it's a matter of sharing the cost of the line.

ASSEMBLYMAN FEKETY: In other words, you won't have a set policy. It will be a flexible thing depending on the geographical location of that customer.

MR. LaMORTE: I think you have to take each one as they come.

ASSEMBLYMAN FEKETY: So, therefore, we can't throw that 165 figure, can we?

MR. LaMORTE: No - 165. The Authority stands ready to deliver water at 165 mgd. Now when I say that - most of the municipalities in our area, we are mostly tied in with. Well, take Cedar Grove. It's a problem that arises with each individual. It can be done jointly or it can be where they would come to your main and tie in.

ASSEMBLYMAN FEKETY: So, therefore, that 165 figure, 165 million gallons, is flexible?

MR. LaMORTE: No. That stands. The 165 would be from our main. If a municipality wants to come in from across the river and tie into my main, they would construct their main and tie it in to mine.

ASSEMBLYMAN FEKETY: Have you requested any funds whatsoever for the continuation until January 1st or is that still under the existing budget?

MR. LaMORTE: That is still under the existing budget.

ASSEMBLY FEKETY: One last question: What is the last thing required to be done by the City of Newark to turn over all of its assets to the Authority? Is it a case of a resolution again or is it the extreme of just the signature of the Mayor of the City?

MR. LaMORTE: That would require a signature, I think, of the Mayor and approval - I'm not too sure; I would have to check - approval by the Municipal Council, the governing body of the City of Newark.

ASSEMBLYMAN FEKETY: In other words, it can be done overnight?

MR. LaMORTE: No, I don't think -

ASSEMBLYMAN FEKETY: All of the assets can be turned over to the Authority overnight?

MR. LaMORTE: I can't answer that. I would have to inquire on that. I'm not sure. Maybe our Business Administrator can answer that one.

MR. BIUNNO: A fully executed contract arrived at between the City and Municipal Authorities cannot be executed and put into effect overnight. This would require adoption by an ordinance. An ordinance requires two publications and

two readings, two consecutive readings, and twenty days' publication, at which time it can become effective. On the second reading, you have what is termed a hearing of citizens with respect to the proposed contract. If then, after the hearing, the council adopts it, it is published for 20 days after that.

ASSEMBLYMAN FEKETTY: In other words, that original resolution was just a resolution of intent?

MR. BIUNNO: I think that the construction of it as a resolution of intent is erroneous in fact and in substance. The original resolution, if you make reference to that which created the Water Authority, is not a resolution of intent. It was a resolution in fact which created and brought into existence the Water Authority of the City of Newark, and then was followed by a resolution adopted by the City of Newark under date of June 19, 1968. I have a copy of it which I had prepared and which you may have. It's a matter of public record, referred to and designated as 7RBy; date of adoption June 19, 1968, which reads as follows:

Title

RESOLUTION AUTHORIZING THE NEWARK MUNICIPAL UTILITIES AUTHORITY, FOR AND ON BEHALF OF THE CITY, TO MANAGE AND OPERATE THE DIVISION OF WATER SUPPLY, DEPARTMENT OF PUBLIC WORKS, WITHIN THE 1968 BUDGETARY LIMITS FOR THE REMAINDER OF CALENDAR YEAR 1968, COMMENCING JULY 1, 1968.

WHEREAS, by Ordinance 6-S & F-i adopted April 3, 1968, the Municipal Council created and established the Newark Municipal Utilities Authority as an agency and instrumentality of the City; and

WHEREAS, to implement the purposes for which the Authority was created, it will be necessary to provide for the orderly transfer of the water facility presently operated by the Division of Water Supply to the Authority; and

WHEREAS, the necessary arrangements for such transfer will require an indeterminate period of time during which the Authority may acquire experience, expertise and knowledge of the modus operandi of the water facility;

NOW, THEREFORE, BE IT RESOLVED by the Municipal Council of the City of Newark, New Jersey, that the Newark Municipal Utilities Authority for and on behalf of the City is hereby authorized to manage and operate the Division of Water Supply, Department of Public Works within the 1963 budgetary limits for the remainder of the calendar year 1963, commencing July 1, 1963.

By which resolution, the Municipal Utilities Authority took over the management and control of our water utilities within the limits of what had been provided for by the 1968 budget.

As to the question of what happens after December 31, 1968, that is a matter which will be considered and determined, I assume, by the Council at that time. You still are in a position where an appropriate, proper and approved contract must be negotiated and completed. There are several possibilities that might be considered. You might assume that a decision could be made on December 31 or January 1, 1969, that if an unsatisfactory agreement has been proposed or if there is an inability to reach a satisfactory agreement, the municipal council may very well authorize the Authority to continue to operate, manage and control until such time as an appropriate agreement is arrived at, approved, endorsed and put into being. Or the other possibility is that the council may adopt a position not necessarily to continue. However, from what we have in the line of informational data at the present time, the second possibility seems somewhat remote.

SENATOR DOWD: Mr. Biunno, I assume you are pretty well versed in municipal government and municipal law. I understand you have some background to a substantial degree -

MR. BIUNNO: Yes, I have some experience in law and in municipal government. I don't profess to be the expert on municipal government, municipal government operations, nor municipal government law.

SENATOR DOWD: I think rather recently the State Legislature passed a law to increase the ability of the City of Newark and other municipalities to create bonded indebtedness. I think if we take a ball park figure, as Mr. Rinaldi has indicated, of a hundred million dollars - I don't know how accurate that is - but for the sake of discussion if we assume a figure such as that as to the assets of the water company, if that is taken from the rolls of the City of Newark would that not deplete Newark's ability to borrow?

MR. BIUNNO: Not necessarily. I think that the legislation to which you refer of increasing bonding capacity, however, did not deal with the ability of the City of Newark to borrow but to increase its bonding capacity. That, as yet, is still - I am trying to recall the exact status of it. It is not law. The bill may have been presented with respect to it. The bill to which you refer dealt with the Board of Education and its ability to bond and that was increased. That was increased in order to permit it to expand its bonding capacity. Upon consultation between the various aspects of a municipal group and our bonding attorney, it was found that there were certain defects which required change.

SENATOR DOWD: Well, for the sake of this question, we both admit that Newark has its problems economically and its capital assets and its ability.

MR. BIUNNO: Without expounding upon it -

SENATOR DOWD: My question is, do you think that the transfer of these funds to the Authority might put Newark in a position where it worsened its situation economically?

MR. BIUNNO: None whatsoever. You have by state law a necessity of adopting a municipal operating budget covering every branch and phase of municipal government. This, the City of Newark did for the year 1968 and mandatorily provided that which it considered necessary in the opinion of the Mayor, and prior to that the Business Administrator, and the Municipal Council, for the purpose of operating our water utility for the year 1968. That money was and is provided. Regardless of whether it is continued for 1969, that same money will have to be provided and probably more in the face of rising costs which confront us every day as we continue in the City, and it will be a constant fact and we must provide for it.

Its only effect is not upon our bonding capacity - it is actually an impact upon our tax rate. But we have had so many impacts upon our tax rate. I looked at a sheet which I had in my pocket, which I haven't publicized, and I think in terms of the impacts on tax rates in the City of Newark and the many programs which are undertaken for the benefit of the City, three of which set forth in here projected and undertaken by the State and carried forth by the State Highway Department, will divide the great city of Newark into four segments and will cost us twenty million dollars a year in loss of ratables, which applied to a tax rate of seven ninety per hundred will cost us well over a million dollars in taxes. And the impact of that

will be, as I recollect it, approximately tenfold compared to the impact of the water operating budget on our tax rate.

SENATOR DOWD: Do you think the success of the Authority is dependent on its ownership of the capital assets?

MR. BIUNNO: I think the success of an Authority is dependent upon the ability of its operators in a businesslike fashion to eliminate those aspects which cause or create a loss and to build up those aspects which will increase its revenues. I don't necessarily subscribe to the theory that in order to be a prosperous, efficient and a businesslike operation, ownership must necessarily be a part of the transfer. There are many, many aspects that have to be considered and discussed.

This is the reason why I said before, as I did, that you are not in a situation where you can publicize; you are in a situation where you must discuss and you must negotiate back and forth in order to come up with the best possible solution and one that will be satisfactory - not to me as a Business Administrator, not to any individual or a Commissioner on the Authority, or a Councilman, but rather one which will be satisfactory to and meet the scrutiny and examination of our residents, our taxpayers, our businessmen and our industrialists, all of whom have the greatest interest- I might add that I'm a taxpayer of Newark - the greatest interest in costs.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Biunno.

I don't believe that we have any further questions of members of the Authority or the City. Thank you for coming here and giving us as much time as you did.

MR. BIUNNO: Would you care to have a copy of the Resolution?



ASSEMBLYMAN RINALDI: I have a copy of the ordinance which was adopted on April -

MR. BIUNNO: That's the original one.

ASSEMBLYMAN RINALDI: Is Mr. Holman here, please?

G L E N N H O L M A N: Mr. Chairman, I am Glenn Holman of Cape May County. I thank you for the opportunity to be here.

ASSEMBLYMAN RINALDI: You have no formal statement, Mr. Holman?

MR. HOLMAN: I have no formal written statement. I will make a brief statement of my own.

I represent the Cape May County Board of Freeholders and I am familiar with our water problems for several reasons. First, I am Chairman of the County Water Policy Committee; I am a member of a Water and Sewer Authority, also a member of the municipal governing body, and I do own and operate two well drilling companies which operate within five counties of South Jersey, installing about 1500 water wells a year, which makes me especially concerned from all angles.

However, I wouldn't want to waste a lot of words. I will touch briefly on our particular problems in Cape May County, what we think about them and what we would recommend. A quick glance at the map will show you that we are almost entirely surrounded by water, which is the source of our greatest problem - salt water intrusion. If it were not for this problem, we would have no problem at all, for there is ample underground water supply which is where we get one hundred per cent of all our water. We have no river to supply it. We still maintain that there is ample water supply there for many years to come

if properly handled and properly used. However, this brings us to the main thing that is needed. I know from our point of view and, as I have heard here today, from everyone's point of view, the main thing needed is some Authority, perhaps on the State level, to control, to regulate and to coordinate all of the municipalities or counties, however they may be set up, perhaps in water districts or regions - someone who can draw everyone together and set them down and say "Here are the problems. What are we going to do?" and to be able to bring this group together and make them come up with answers and work together. If the State would coordinate and regulate and legislate and enforce the regulations that they make, I believe the water could be - or at least our problems would be solved for many years to come, because our problem is mainly the fact that although we know what the solutions to our problems are, how can we be assured that we can get all the municipalities together, that we can get all the farmers together who use irrigation water, that we can get the industries together, that we can set rules that they must abide by, either in the manner in which their wells are installed or the amount of water which they can withdraw from these wells in any given time, and be assured that they will abide by these regulations or that they will accept the programs and spend the money to make the necessary changes. No one there has the authority to do this and, therefore, the municipalities do as they choose and if they are allotted eight million gallons a day by the State and they want eleven, they take eleven. Who's to stop

them? If this overpumping in a given period of time creates greater salt water intrusion and ruins the water supply for another part of the county, who cares? We got what we wanted. This then is the main problem.

We have before us regulations now and laws to govern well-drilling and also diversion of the State's water. However they are not enforced. I suppose the way things are set up there is no way to enforce them.

ASSEMBLYMAN RINALDI: May I ask you a question at this point, sir?

MR. HOLMAN: Yes, sir.

ASSEMBLYMAN RINALDI: As I understand the law, diversion of ground supplies is controlled by the Water Policy and Supply Council of the Department of Conservation. I believe that anybody who wants to divert ground water in excess of 1,000 mgd must apply for a permit, if you will, or whatever the proper term is, from the Water Policy and Supply Council. Are you saying, and this is something I think should be pursued a bit, that a person can divert - that you have knowledge or in your experience diversions have been made in excess of the applications and they continue to draw waters in excess of that which they were allowed to do, and the result is that inroads are being made into the ground waters beyond what the State has allowed? Have you found that to be your experience?

MR. HOLMAN: I am sure this happens, although I could not prove it. Who could prove it?

ASSEMBLYMAN RINALDI: In other words, you feel there should be closer, if you will - surveillance is probably too strong a word - but closer control over continuing diversion beyond the original allotment requested from the Water Policy and Supply Council?

MR. HOLMAN: That is correct. That is one of the things. For instance, we might take up the question of the farmers who must have water. There is no doubt about it and, while I would definitely not want to do anything which would reduce the amount of water they need, there is no way of knowing how much water they do use. There is no possible way of knowing it.

ASSEMBLYMAN RINALDI: So your problem, of course, is one that is directly related to an area in which you've got ground resources. You've got the water there, it's available, and the question is how you control the depletion of those waters and control it in such manner that the future supply is not going to be completely intruded upon by salt water without making allocation of those waters for your future use.

MR. HOLMAN: That is correct.

ASSEMBLYMAN RINALDI: Do you have any suggestions for this Legislature in that field? You mention now you think there should be greater regulation from above and coordination of municipal activities in this area.

MR. HOLMAN: Yes. And speaking plainly, let's suppose that there could be a State body or perhaps there is one we have now that could be used, and let's suppose that the State

was split into water districts where the water problems are of a different nature; for instance, South Jersey and North Jersey have completely different problems.

ASSEMBLYMAN RINALDI: One is ground and one is surface.

MR. HOLMAN: I look at this from this county angle. As a county we have been working for years to solve these water problems, We have found many solutions and we have worked toward the solutions for several years now, but we have no way of implementing the programs because they would require that all the municipalities in the area, mainly, would have to work together and cooperate. This usually cannot be done unless it is required by some manner - perhaps a County Authority, I don't know.

ASSEMBLYMAN RINALDI: You stress the word "cooperation" or "coordination." Is that a fair conclusion of your thinking?

MR. HOLMAN: Coordination, regulation, and enforcement.

ASSEMBLYMAN RINALDI: That's quite a combination.

Thank you, sir. Senator Dowd, have you a question?

SENATOR DOWD: Mr. Holman, I assume from the number of wells you build that most of the area residents use domestic wells?

MR. HOLMAN: Very many domestic wells and, of course, most of the municipalities have municipal water systems.

SENATOR DOWD: And in your business of building wells for domestic use, do you find any problems by the absence of regulations - you use the word "regulations" - and enforcement in connection with sanitary sewerage disposition, such as

cess pools, septic tanks, and so on, which are also probably used concurrently with wells in the general area of your county? I think the two are directly related from my experience and my knowledge, as limited as it is. Do you see any need concurrently with the regulation of water and enforcement of laws pertaining to sanitary sewerage disposition?

MR. HOLMAN: Well, yes, definitely. Of course, we do have State laws which regulate the location and the depth of wells in regard to sanitary sewage disposal.

SENATOR DOWD: Do you think they are sufficient in nature and are enforced sufficiently well and to your satisfaction, in your experience?

MR. HOLMAN: Yes, I do think so. There was a time when there were many people who were going around putting in wells. Of course, this is pretty well regulated now. There must be a State license and they must abide by the State law. Now we do abide by this law. However, it would very easily be possible for me to cheat. It would be possible for me to put a well ten foot from the cess pool. Who would stop me? Who would check it? That is, in a lot of places. Now I work in five different counties, so I would have to say that in Cape May County this would not be possible, because they are very strict there in enforcing and checking and inspecting all of these systems. Some of the other counties, however, have practically no control whatsoever except that there is a State law. Definitely the sewerage is related; the two problems are related, and we try to

work on the two together in the county when we are looking for a long-range solution, but of course I was primarily thinking of water here at this particular meeting.

SENATOR DOWD: In order to build a well, you must take out a permit and you must a) be licensed and b) you must take out a permit at the local level and forward one to Trenton. Isn't that so?

MR. HOLMAN: You must have a State permit for certain types of wells but not for all types of wells. There are many wells which can be installed without a permit.

SENATOR DOWD: Do you think it's necessary to have some regulation on all types of wells? A permit, at least?

MR. HOLMAN: I would certainly think so.

SENATOR DOWD: Do you think it would be appropriate to have a use permit comparable to what is commonly known as a certificate of occupancy upon the completion of the particular unit and that someone should make a final inspection and authorize its use?

MR. HOLMAN: Right. This, we do have in Cape May County.

SENATOR DOWD: But you think it should be on a State basis, that there should be a permit, regardless of the size of the well - a permit to drill the well and then an approval report and a use permit?

MR. HOLMAN: Yes, sir.

SENATOR DOWD: I have no further questions. Thank you.

ASSEMBLYMAN RINALDI: Thank you very much for your testimony. It has certainly given us an entirely different viewpoint on something which this Legislature must, in my estimation, consider. Thank you very much.

Could I call Mr. Goodenough.

From here on, I want to thank everybody for their patience up to this point and their continued cooperation for bearing with us.

Would you identify yourself, please, Mr. Goodenough?

R I C H A R D G O O D E N O U G H: Mr. Chairman, I'm Richard Goodenough, Executive Director of the Upper Raritan Watershed Association, Far Hills. Today, in the interest of conserving your time, I am speaking on behalf of the Raritan Watershed Council.

This morning I was reading the New York Times while we were waiting to begin and I saw an item here that President Johnson had just appointed a National Commission to study the coordination of water records throughout the country, and I'm just glad that we are beating Washington for a change here.

The Raritan Watershed Council has been a vehicle of joint watershed association expression for over nine years. The four watershed associations comprising it are all privately sponsored, non-profit, non-political corporations supported by nearly 2,000 industries, businesses and individuals in the Raritan River Basin. Each is organized and enabled to deal with all of the natural resources of its region in an educational and advisory capacity. Each of



the associations maintains an office staffed with professional conservationists, and each has a long record of achievements recognized both in New Jersey and throughout the nation.

The member associations of the Raritan Watershed Council are the Upper Raritan Watershed Association, the South Branch Watershed Association, the Stony Brook-Millstone Watersheds Association, and the South River-Farrington Watersheds Association. Their area of concern covers the major headwater regions of the Raritan River Basin, consisting of 829 square miles, or 531,000, extending nearly from Lake Hopatcong, on the north, to west of Freehold, on the south. As such, the headwater regions of the Raritan Basin produce today relatively clean and abundant supplies of water and recreation and aesthetic relief for millions of citizens of the urban core region. It is a region of unsurpassed value to the people of New Jersey, whether they live near or far.

The basic problem facing New Jersey, as we see it, is one of protecting and developing adequate water supplies within an urbanizing area. We, as the most densely-populated State in the Union are facing some of these problems before the rest of the country. Therefore, we must constantly be imaginative and innovative in our environmental management approaches. The opportunity to do this is fast disappearing. Protecting our water resources involves engineering techniques, conservationists' support and political implementation. It requires communication and cooperation at the State level among all divisions and departments whose activities affect water resources. It requires communication and cooperation

and coordination between the State level and local communities and local people.

Our Watershed Council would like to emphasize some factors which should not be overlooked in any long-range water supply development program. I guess the first point is that certainly we do need a plan, an honestly-integrated coordinated plan of water supply development, open to public scrutiny.

I would like to quote from Dr. Raymond L. Nace, who said recently, "The reservoirs of the future already exist underground and contain many times more water than could be stored in all the surface reservoirs that will ever be built." Dr. Nace is with the U. S. Geological Survey and he was speaking at the recent National Annual Groundwater Seminar. He reminded his audience of the importance of educating the public to accept these below ground water storage structures provided by nature. Perhaps in New Jersey we haven't paid as much attention to that as we might have.

Our State uses more ground water than any other State east of the Rocky Mountains. It therefore follows that we cannot have too much information about our ground water, including identification of aquifers and aquifer recharge areas, and research into sustained yields from our underground water supplies.

Future surface water will not be delivered from completely rural, well-wooded valleys as it once was. Surface drainage from whatever source needs to be regarded as part of the surface water supply. Land use planning concepts require inclusion of basic consideration for protection

of the productive quality of the remaining nature watersheds. This means protection of our natural reservoirs such as flood plains, bogs, swamp areas wherever found, but especially in the highlands which are holding reservoirs for the beginnings of our streams and springs.

The Anderson-Nichols Raritan Basin Flood Plain Study leads the way in this vital phase of resource protection, but it may not be fast enough on a statewide basis. There is need for interim legislation for protection of floodways based upon information already in possession of water policy and supply, county and municipal engineers.

There is need for over-all drainage plans on a watershed and a sub-watershed basis, developed to compliment the water supply objective rather than to speed storm waters to already eroded streams and on to the sea.

Natural waterways constitute our least expensive water transportation system, as well as having multiple use values. The increasing use of them as auxiliary waste treatment facilities to be loaded with nutrients such as phosphates and nitrates must be seriously questioned. It is entirely feasible and desirable to upgrade water quality standards on reaches of some streams which presently are of better quality than minimum FW-2 requirements. To resolve this problem of surface water quality, there must be a meeting of minds on criteria and development of even better standards among the departments concerned with water quality regulation.

More reservoirs obviously are needed. Remaining sites are few and most have been identified all around this room.

Land will never be cheaper. These sites should be now carefully evaluated and, if justified, when put together with all the water purveying facilities proposed in the State, they should be secured today and used today for recreation lands and then eventually as reservoirs.

Gentlemen, we recommend the Four R's: renovation, re-use, recirculation and redistribution set forth by Edmund B. Besselievre, who spoke at a recent international water quality symposium in Washington. We say the 4 R's are pertinent to water management in New Jersey and we agree with Mr. Besselievre when he says, "We're not running out of water but we may be running out of common sense."

The public must be better informed concerning our water resource problems. I don't feel that they are today. Activation of the Citizen Advisory Commission, as provided in the Water Acts of 1958, 10 years ago, Local Conservation Commissions (Chapter 245 of the Laws of 1968), Citizen Watershed Associations where existing and informational personnel within the division of Water Policy and Supply could provide the machinery for a better informed public, and a better informed public will make better decisions.

The entire economic future of New Jersey is dependent upon adequate water supply. Water resources development must cease to be a stepchild. Today we must do more acting and less reacting. We must stop justifying the way things are and judging things the way they are as honestly as we can. We don't have much use for those who regret what might have been but say we ought to start realizing what might be.

If the Division of Water Policy and Supply is truly to take the lead in implementing development plans, then funds and an augmented qualified staff, as well as a directive, are needed, because the product can be no better than the producer.

So in summary - land use and water supply are inseparable as are quality and quantity.

Renovation, re-use, recirculation and redistribution are basic.

Both natural and man-made storage are needed.

The public must be better informed.

Water resource development must have stature, personnel and funds at the State level.

It is dangerous to go around and say we have enough water to meet the population level of 20 million people, because we don't unless we have a well-implemented plan for this water.

My final comment, gentlemen, may well prove some day to be the most important of all. We all know that the Raritan Basin is the basin which will supply the future water needs of North and Central New Jersey. And we all know that both ground water and surface water supplies are inextricably linked to land use and development. All that has been said here today, and all that was said the day before, and all that will be said in your deliberations following the end of these hearings is going to become not much more than an academic exercise, should 22,000 acres in the middle of the Raritan Basin be usurped for a Solberg Jetport. Thank you.

ASSEMBLYMAN RINALDI: Thank you very much, Mr. Goodenough. I have no questions. That was a very fine series of comments.

Senator Dowd?

SENATOR DOWD: You make reference to the Soleberg Jetport. As you see it, what are the threats to the watershed if that becomes an eventuality?

MR. GOODENOUGH: Well, let me say right off the bat, the more I listen to what's going on today, the more deeply worried I become about this problem. A year ago March, we did a rather extensive study in answering that very question, and I think what I will do now is to, before November 1st, send on additional testimony to you which in some considerable detail would outline those threats. Basically it is a problem of putting an impervious layer over 22,000 acres of land, seriously disrupting the recharge of the underground water supply which in turn will affect stream flow. It is a problem of handling the waste of a facility of that size. I understand that a hundred thousand passengers a day will be passing through there. The sanitary waste perhaps can be handled, but we know that there are all sorts of exotic chemicals which are used for cleaning purposes and building construction purposes. These would end up on the ground and end up in the storm water wash, which will then end up in the Raritan River, which today carries the potable water supplies from Spruce Run -

SENATOR DOWD: And from that aspect, water runoff and the other things you mention, would it be different in kind

if it were some other location, some other geographic location?

MR. GOODENOUGH: Yes, I think so. I specifically said what I said in the very end in the way I said it because I didn't want to take advantage of this opportunity to talk about the jetport problem, which is very close to my heart. I think the basic thing - we've got to build a jetport in such a place that economic and social benefit to New Jersey will be nationalized and the resource damages will be minimized. I think, from the knowledge which I have, that the site talked about in the recent Governor's Advisory Commission's Report will have minimal damages on New Jersey's environment. I don't think that would be the case in the Soleberg site and it may well not be the case in some of the other sites that have been talked about over the years.

SENATOR DOWD: Your area is in the heart of the watershed of New Jersey?

MR. GOODENOUGH: Well, it's in the middle of the Raritan River Basin and this, by everybody's standards - by the fact that the State is spending all of this money in the Raritan Basin not only to spreading the flood planes, river flows, to build reservoirs - it's obvious that the Raritan Basin is the basin which in the long run is going to have to supply most of the future water needs to New Jersey. It doesn't make much sense according to anyone I've ever talked with to put a facility like this right smack in the middle of that area which you expect to supply the water in the future.

I may be oversimplifying the problem but I think it's almost that simple.

ASSEMBLYMAN RINALDI: Thank you very much.

May I just ask you one question. Assemblyman Gimson yesterday said he thought it would be only proper that the waters of the Raritan Watershed, the headwaters of the Raritan Basin, should be kept primarily for the use of the growing population of Hunterdon County and western New Jersey rather than used, as I recall him to say, in the northeastern more populated section. Now you are a native of that district and familiar with the problems, would you care to comment on Assemblyman Gimson's statement?

MR. GOODENOUGH: Yes, and I'll be as candid as I possibly can. Having formerly been an employee of the State Department of Conservation, I think I have somewhat of a broad view. Certainly we have to think of our own needs first; certainly we know we are going to grow, but on the other hand I can't see that the people of our region can really honestly be so provincial as to close the door to the greater needs of the State. After all, what we are addressing ourselves to, including some of the other things we have said in fact, we have to regionalize and do what needs to be done for the best good of the State of New Jersey as a whole. I, for one, don't believe that I would ever take a position without having studied it in very great depth to close the door to purveying our waters to some place else.

ASSEMBLYMAN RINALDI: In other words, we must treat the problem of water on a regional basis. Isn't that so?



MR. GOODENOUGH: I think we should. I think we are at that time right now.

ASSEMBLYMAN RINALDI: Thank you very much for your fine statement, Mr. Goodenough.

Now, let's switch down to South Jersey to Mr. Gideonse of Atlantic County. Will you please identify yourself.

J O H N R. G I D E O N S E: My name is John Richard Gideonse. I am the Staff Director of the Atlantic County Planning Board.

Initially, when our invitation was received to appear before this hearing, we had an inclination to chuck it in the wastepaper basket because, after all, we have no problems right now in terms of water. We are not quite as bad off in Atlantic as our friends next door to us in Cape May.

Being a planner, we decided to take a look at the future anyway and see whether in the future we might have some problems. Just to run through the preliminaries very quickly, the introduction simply states that we are drawing currently from the Kirkwood formation and from the Cohansey.

Table 1 presents the geologic strata from which we draw our ground water today, the amounts of water that we are drawing, what municipalities are being served, etc. The main point of this is simply to state that the Kirkwood formation outcrop, the entire Kirkwood strata, is of importance to us. Then we have asked the question whether or not in the event the Kirkwood formation were no longer

usable to us, we could go to the Cohansey and live off of that -

ASSEMBLYMAN RINALDI: May I interrupt? When you refer to the Kirkwood formation, you are referring to an aquifer. Is that correct?

MR. GIDEONSE: That's right. Here's the Kirkwood formation (referring to map,)- starting in Berlin, sloping all the way down to Pleasantville, and eventually Ventnor. All our island communities are drilling into the Kirkwood formation and drawing water. Underneath there you have a strata which the engineers tell me no water will move through. So either you are going to get water from this yellow band, which is the Cohansey, or are going to get it through the Kirkwood. This is the Kirkwood outcrop area throughout the State.

ASSEMBLYMAN RINALDI: Could you define now for us laymen what you mean by an outcrop area?

MR. GIDEONSE: All right. This is the geological strata (indicating on map).

ASSEMBLYMAN RINALDI: Now remember we have a record, so try to be as explicit as possible.

MR. GIDEONSE: Well, you have my written statement. You don't need my verbal. Take this as the strata; the water moves from the opening, which is called the outcrop, which appears at the surface on down to the ocean. This opening - this book (holding book) - is synonymous with the opening shown here, which is the outcrop area.

To make the point very briefly, if you cover this outcrop area, you aren't going to get any water coming in.

It's as simple as that.

On this map you see two regions. This is the Class 3 Newark region. This is the Atlantic City Class 3 region. They are defined in the studies by the State - I used to be an employee of the State Regional Planning Board, so I use all that information. The question becomes, what is going to happen to the Newark development? or actually the larger question, what happens to the Philadelphia SMSA as it grows? Right now the Philadelphia SMSA is backed up against the mountain. It has only one area or one direction in which it can grow. It can flop across the Delaware and come to New Jersey or it can flop across this mountain range and start developing in the next valley. O.K.?

So we took a closer look at the Camden Region to see how much population we can expect. By 1987 - these are our projections at the State - the Camden Class 3 region will have a population of 1.3 million people. Right now it has only about 800,000. We converted this into square miles and within the next 20 years, this region will develop an additional 117 square miles. The development right now is very close to the Kirkwood outcrop. When you start using or distributing 117 square miles, you are surely going to fill in the interstice between the present development along the river and this area here, which is currently in agriculture and woodland use.

That is when we became excited because the land formation underneath happens to slope from Berlin directly to Pleasantville. If this area gets blocked, I am told by the geologists we

can't get any cross flow from the other areas to supply Atlantic County. Incidentally, I can say parenthetically, what I am saying here today relative to Atlantic County happens to hold for this entire coastal plain area simply because they are drawing from it as well.

ASSEMBLYMAN RINALDI: Is it safe to say then that Atlantic County's large ground resources depend in a very large part on what happens outside of Atlantic County?

MR. GIDEONSE: Exactly. The Soil Conservation Service people tell me when urban development takes place here (indicating), we will lose about 90 per cent of the ground water percolation. Translated, it means 90 per cent of the water that currently enters the ground in this area will be effectively cut off for our use. And when you do that, you get the pressure of the seawater and you are getting back to salt water intrusion.

ASSEMBLYMAN RINALDI: I would say you have a real prospective problem.

MR. GIDEONSE: That's right. I have been listening today to all the Northern Jersey problems. If you forget this area, 20 years from now you are going to be crying here as well. This is all I have to say. Think of us too.

ASSEMBLYMAN RINALDI: I might say that one of the reasons this Commission was formed is to take a good look at South Jersey's problems because we hope they won't have the problems 20 years from now that we apparently are having right now. This is no reflection on what has happened in the past, but let's not forget about the future.

MR. GIDEONSE: At the throw of the dice I can tell you right now by 1987, the South Jersey area taken from the green line on, dividing the State in half, - this is the coastal plain and this is the mountain region (indicating) in simple terms - the Southern Jersey or the coastal plain area can expect a population of approximately 2.8 million, while the North Jersey population at that time should be close to 7 million. All right, that's 20 years from now. When you look to the year 2010 or 2020 when we are expecting to have 20 million population here, you will not be able to load the excess 10 million population here for the very simple reason that by 1985, you are going to have in the northern part of the State about 1000 square miles left of land to be developed after you have loaded the population from now until 1990. Whereas in South Jersey you are going to have 2000 square miles left. O.K.?

So if you are going to accommodate 20 million people, not in your sweet life are you going to be able to load these people on this area, which simply means at some time in the immediate future, population growth is going to have to flop over into South Jersey. Right now, statewide, we can think of it as a land bank for development. But if we ruin the water, you don't have that.

ASSEMBLYMAN RINALDI: Can we conclude reasonably from what you have said that certainly this is not only a question of inter-municipal cooperation but inter-county cooperation because what is done in Burlington County, for example, and Camden County well affects the future of your water supply?

MR. GIDEONSE: Absolutely. Our problem is much more aggravated. You can see who builds what dam site and who draws what water there. Who is to tell who draws water from the underground strata? Who is to tell who is polluting this area here when it comes down there? (Indicating) Nobody knows. So if these fellows down here don't cooperate, if we don't cooperate with each other, if there is no kind of coordinating agency, forget it.

ASSEMBLYMAN RINALDI: Let me ask you this: What type of coordinating agency is there today that protects this Kirkwood outcrop area from being overbuilt?

MR. GIDEONSE: None to my knowledge other than the State.

ASSEMBLYMAN RINALDI: What activity has the State shown to protect this outcrop area?

MR. GIDEONSE: I have talked to Widmer.

ASSEMBLYMAN RINALDI: He is the State Geologist - Dr. Widmer, the State Geologist.

MR. GIDEONSE: Yes.

ASSEMBLYMAN RINALDI: And what are they doing in his department?

MR. GIDEONSE: This was years ago when I was in college and I asked him then, "What happens if we build over that?" And he simply said, "There is no water." And I asked, "What are we going to do about it?" And he said, "Well, that's Water Policy."

ASSEMBLYMAN RINALDI: But what is Water Policy doing about it today?

MR. GIDEONSE: I have no idea what they are doing. As far as I can tell - and I am not intimately related to water policy as much as, say, to Commissioner Ylvisaker's outfit - they are preoccupied with the problems in the northern end of the State, which is only logical because they are much more pressing than these that are about to be developed.

ASSEMBLYMAN RINALDI: Well, as the Director of the Atlantic County Planning Board, I guess it is your responsibility to call upon the State Department of Conservation and be sure that they do direct their attention to this.

MR. GIDEONSE: I do all the time.

ASSEMBLYMAN RINALDI: You have great concern as to whether they are directing sufficient attention to your present problems which will be ten times greater in the future.

MR. GIDEONSE: I am going to lean on them shortly.

ASSEMBLYMAN RINALDI: I would hope so.

MR. GIDEONSE: If you hadn't called my attention to it, or this Commission, I wouldn't have started to worry about it now. There are a few other problems. We have to build a countywide sewer system.

ASSEMBLYMAN RINALDI: Well, if we served no other purpose, we have helped out Atlantic County and awakened them to a very serious problem.

MR. GIDEONSE: It is.

ASSEMBLYMAN RINALDI: We have certainly accomplished something then these past three days. Thank you very much. Do you have

any further comments?

MR. GIDEONSE: No. [Mr. Gideonse's prepared statement  
can be found in the Appendix, Vol. IV.]

ASSEMBLYMAN RINALDI: Senator Dowd, do you have any  
questions?

SENATOR DOWD: No. Thank you very much.

ASSEMBLYMAN RINALDI: Thank you for a very fine presentation.  
And I now know what a Kirkwood outcrop area is.

May I call upon Mr. Ploskonka from the Borough of Sayreville,  
Middlesex County, another salt water intrusion problem county.  
Would you further identify yourself for the record.

J O H N P L O S K O N K A: My name is John Ploskonka.  
I am a consulting engineer and I am the engineer for the  
Borough of Sayreville.

I would like to thank the Commission for giving me the  
opportunity to speak. In reviewing the notice for these hearings,  
which was given to me about a day ago, so I had plenty of time  
for preparation, I noticed that the Commission was studying the  
long-range needs of New Jersey and unfortunately we have no  
long-range needs. Our needs are yesterday and I want to  
address myself to the fact that we need solutions tomorrow for  
yesterday's problems.

The statement which I have prepared, I think, reflects  
the critical need for action on the State level in helping to  
solve our short-range problems now.

The Borough of Sayreville has a municipal water company  
which services a community of 33,000, plus a fair share of industry.  
The main source of water is derived from two aquifers, the Old Bridge



sand primarily, and also from the Farrington aquifer. These two aquifers are the basis for the water supply of many surrounding communities and industries, for example, Perth Amboy, East Brunswick, Madison Township, the Duhernal Company, etc. The Borough of Sayreville has been in the water business approximately ten years. We are a new and growing community whose growth is outstripping the water available from the underlying aquifer.

It does not take long for the average citizen to become familiar with the water shortages which have been experienced in the Middlesex County area, especially when there were many instances of no water for the basic domestic needs.

The fact that we are in trouble has been widely publicized for a number of years. In 1937 and in the late 1930's and early '40's, H. C. Barksdale in two reports (7 and 8) indicated the critical state of the Farrington aquifer in and around the Parlin area. Again, in the late '50's and in the early '60's, A. C. Appfel, in Special Report #17, foretold of the rapid loss of the Farrington aquifer to salt water intrusion.

Again in 1965, in a Special Report #21, prepared by the Department of Conservation and Economic Development, it was clearly pointed out that both the Old Bridge and Farrington aquifers were being pumped beyond their natural recharge rates.

There is no doubt that all these reports have foretold a serious story which has gone completely unheeded. In 1967, a report by the Commission on Efficiency and Economy in State Government regarding Water Resources Management in New Jersey stated the following:

"Thirty years have elapsed since the first evidence was given of the deterioration of the Farrington aquifer. Yet no definitive study has been made of the comparative merits of several possible actions to assure future water supply in a now rapidly growing area. The only positive actions taken so far have been by three private water companies, construction of the Duhernal Water System, and the State supervision of diversion under the 1947 Diversion Law."

Thirty years since we began studying the seriousness of the situation and no definitive action is a very sad commentary.

Recently, a report on Ground Water Studies was commissioned by the Borough of Sayreville, which could provide a sound basis for moving ahead in the development of its water projects. This report, prepared by Dr. Ivan Metzger, was written to focus in on the aquifers' behavior at the local level. It reemphasizes the rapidly approaching salt water intrusion in the Farrington and spells out the serious over-pumpages in the Old Bridge sands.

As the Borough and other communities continue to lose the Farrington aquifer and more and more pressure is brought to bear on the Old Bridge sands, it will simply be a matter of time before this aquifer is in similar straits along with the Farrington.

In the face of all the technical data against continual pumpage of both aquifers, additional diversion rights continue to be permitted in both of these aquifers. For instance, since 1962 the following applications have been permitted in the Farrington aquifer: Cranbury Township, East Brunswick Township, Forsgate Water Company, Industrial Water Supply Company, Madison Water Company, South Brunswick and Sayreville Borough. When the

Borough of Sayreville obtained their latest approval in January of 1967, the Water Policy and Supply Council saw fit to call the Borough's attention for the need to revise its appropriate ordinances in order to curtail future housing developments because of a lack of adequate water supply in this area. The official phraseology was stated in Section 14 of the approval as follows:

"Because this is a critical water supply area, the Borough shall amend its appropriate ordinances to provide that its approval of any future sub-divisions, apartment projects or other developments be predicated upon the availability of adequate water supply. Copies of such amendments shall be filed with the Division within six months of the date thereof."

Since the words used were mandatory, "the Borough shall amend," the Borough of Sayreville did amend and proposed an ordinance to limit growth until some solution could be arrived at in this critical area. Unfortunately, the ordinance as adopted was not satisfactory to Water Policy and Supply, and it is presently being revised. In order to achieve a policy with "teeth" we need, not local ordinances, but a strong edict from Water Policy stating something of this nature, "Regardless of circumstances and because of numerous reports and studies which indicate the critical need of additional water supply, we will not issue any permits under any circumstances to anyone." With this type of statement, we or any other community do not have to amend our ordinances, and I seriously believe that this withholding of permits will bring this whole problem to the forefront and this type of action will get something done.

At this point, I just want to make one aside and that would be that this whole problem has been an engineering problem. The engineers have sat down and said, "There is a problem," and no one has paid attention. I think at this point we have to make this problem political. If we withhold permits, we will be able to generate enough political pressure in order to get some action on getting the necessary works into the making and getting the money available to help us to restore these aquifers or get alternate solutions.

This problem is a two-fold one. There is the difficult task of meeting the short-range needs now by drastic action, such as freezing permits in the Old Bridge and Farrington aquifers, and then there is the need of obtaining money and solutions to solve the problems of getting water in our areas.

It seems to me that we need some fresh new thinking. We must devise ways of solving our problems jointly. I don't feel the State must bear the entire cost for all the problems in the State, but they should, and can, try to concentrate and fund in those problem areas which their own reports indicate are critical. When Water Policy and Supply cry out that there is a problem and all the reports prepared by their office and their experts point to this one fact, then it is time for this Commission to set a prompt course in solving these problems.

We get down to the heart of the problem when we discuss financing. I would suggest that the State make available funding on the following bases and priorities:

1. Critical Water Supply Areas.
2. Comprehensive Plans.

3. Cooperative Ventures.
4. Conservation Projects.
5. Benefits.

In other words, a Special Committee could be set up which would evaluate "new thinking" plans which could possibly be a pacesetter for the State. Demonstration monies could and should be set up for the most worthwhile projects, and all the above factors should be considered as general guidelines. The seriousness of the need is the most important, and this should be given the greatest consideration. However, comprehensive plans, which combine short-range and long-range planning, should be considered as well as cooperation between municipalities, private enterprise, and county agencies, and authorities should also be given a measure of consideration. In addition, the effect of any project on water conservation which may include water reuse and aquifer recharge should be weighed against the benefits which would be accrued by the community, by the customers of the utility, as well as the benefit to the natural resource. These are what I feel are a start. If these items are seriously considered along with some new ideas, and if the State provides the measure of money necessary to get the "ball rolling," then I think we can begin our long-range planning once we get over our short-range crises.

ASSEMBLYMAN RINALDI: Thank you very much. Senator Dowd, do you have any questions?

SENATOR DOWD: No. Thank you very much.

ASSEMBLYMAN RINALDI: I believe we are down to our last witness, Mr. Evans of the Raritan Valley Regional Chamber of Commerce. You deserve a special commendation for hanging on till the

end. You are the anchor man - no pun intended - since we are talking about water.

C L I F F O R D        S.        E V A N S: Well, I got here late.

Mr. Chairman and members of the Study Commission on Water Supply Matters in New Jersey: My name is Clifford S. Evans. I am chairman of the Raritan River Committee of the Raritan Valley Regional Chamber of Commerce.

I would like to take this opportunity to present the views of the Chamber, representing some 1200 members, with respect to water supply in the Raritan River Basin.

The Chamber is on record as favoring the construction of the Raritan River Dam at Crab Island, as proposed by the U. S. Army Corps of Engineers. As you know, one of the most important benefits of this project would be the resulting availability of 98,000,000 gallons per day of potable water.

The Chamber of Commerce recognizes the importance, indeed absolute necessity, of an adequate supply of potable water to the future development of the Raritan River Valley. The present population of Middlesex County, which is only a portion of the Raritan Basin, is 580,000 persons. This figure is expected to nearly treble by the year 2000, while the necessary potable water supply for private and industrial purposes will go from the present county usage of 70,000,000 gallons per day to a projected 144,000,000 gallons per day in 1985, then to 189,000,000 gallons per day in 2000.

The Crab Island Dam is the only feasible proposal that can hope to meet this coming need.

However, particular attention must be paid to the major stipulation of the Corps of Engineers, regarding construction of the Crab Island Dam, requiring the "clean up" of the Raritan River of its pollution.

The committee of which I am chairman, at a meeting on August 22, 1968, resolved:

"That the Board of Directors be requested to commit the Chamber of Commerce to the cause of cleaning the Raritan River of pollution and to take whatever action is necessary to encourage and promote anti-pollution measures along the river."

This resolution was adopted at a subsequent meeting of the Chamber's Board of Directors.

This first step of "cleaning up" the Raritan River is a must for the implementation and funding of the Corps of Engineers' plan for the construction of the Crab Island Dam. It is also a must for the effective utilization of the resulting reservoir.

We respectfully recommend that you take into serious consideration the necessity of construction of this dam and of meeting the Corps of Engineers' requirement that a cleaning of the river be undertaken.

I wish to thank the Study Commission on behalf of the Chamber of Commerce that I represent for the opportunity to acquaint you with our views on water supply requirements.

ASSEMBLYMAN RINALDI: Thank you very much. Do you have any additional comments for the record?

MR. EVANS: No, I think not, Mr. Chairman. The Corps of

Engineers' report is available. It was made originally in January of this year and subsequently in June of this year at Rutgers University. It is a very complete and comprehensive report on the Raritan River.

ASSEMBLYMAN RINALDI: I might say that all of the sources that I have had the occasion to work with in this area of water supply all point to the very immediate problem, of course, in the Raritan Valley in your area and they all point to the wisdom and the necessity of this project. I think everybody is in total accord on that.

MR. EVANS: We are on record, of course, for it.

ASSEMBLYMAN RINALDI: Thank you very much.

I think it is safe to say that that concludes the series of hearings and I want to thank everybody again for their bearing with us and for their attendance. Thank you.

SENATOR DOWD: I would like before you cease to congratulate and commend Mr. Rinaldi for the fine way in which he conducted the hearings and thank all of the witnesses who appeared. Thank you very much and thank the staff of stenographers.

[Hearing Concluded]





