

**BOROUGH OF ALLENDALE  
COUNTY OF BERGEN  
STATE OF NEW JERSEY**

**ORDINANCE 21-10**

**ORDINANCE OF THE BOROUGH OF ALLENDALE, IN THE COUNTY OF BERGEN, NEW JERSEY, APPROVING AN AGREEMENT OF SALE BETWEEN THE BOROUGH AND SUEZ WATER NEW JERSEY INC. FOR THE SALE OF THE BOROUGH'S WATER SUPPLY, TREATMENT AND DISTRIBUTION SYSTEM AND AUTHORIZING A PROPOSAL TO BE PRINTED ON THE BALLOT FOR CONSIDERATION BY THE VOTERS WITHIN THE BOROUGH AT THE GENERAL ELECTION ON NOVEMBER 2, 2021 PROVIDING FOR THE SALE OF THE BOROUGH'S WATER SUPPLY, TREATMENT AND DISTRIBUTION SYSTEM TO SUEZ WATER NEW JERSEY INC.**

**WHEREAS**, the Borough of Allendale, in the County of Bergen, New Jersey (the "Borough") currently owns and operates a water system servicing the residents and property owners (the "Customers") within the geographic boundaries of the Borough (the "System"); and

**WHEREAS**, the Borough has determined that it is in the best interest of such Customers to sell the System to an entity with experience and expertise in owning and operating such systems in order to meet all necessary demands associated with such System including all present and future requirements of various state and federal regulatory agencies and to make necessary capital improvements to the System; and

**WHEREAS**, the Borough prepared and distributed a Request for Bids for the Sale of the Water System (the "RFB") dated April 7, 2021 requesting bids for the purchase of the System pursuant to N.J.S.A. 40:62-1 et seq. (the "Public Utilities Law"); and

**WHEREAS**, on May 24, 2021 the Borough received two bids from two regulated water companies, Suez Water New Jersey Inc. and New Jersey American Water Company, Inc., to purchase the Borough's System; and

**WHEREAS**, based on the review of the above referenced bids, the Borough has determined that the bid submitted by Suez Water New Jersey Inc. in the amount of \$18,000,000 was the highest responsible bid; and

**WHEREAS**, under the terms of the RFB, the Borough would sell all of the Borough's rights and interests in the land and improvements comprising the System, provided that any purchaser of the System would continue to provide water production, storage treatment and distribution services to the Customers in accordance with all applicable state and local standards, make all capital improvements as required by the RFB, and meet other requirements set forth in the RFB; and

**WHEREAS**, the Borough and Suez Water New Jersey Inc. have agreed to the terms of the sale of the System; and

**WHEREAS**, the Public Utilities Law requires that in addition to the approval of the Borough, the legal voters of the Borough must also approve the sale of the System; and

**WHEREAS**, the Public Utilities Law, specifically N.J.S.A. 40:62-5, authorizes the Borough to request that the clerk of the County of Bergen place the question of the sale of the System on the ballot used at the next general election in the Borough, which is scheduled for November 3, 2021; and

**WHEREAS**, the Borough desires to enter into the Agreement of Sale, subject to the approval of the voters of the Borough as set forth in N.J.S.A. 40:62-5 and any other regulatory approvals set forth in the Public Utilities Law.

**NOW, THEREFORE, BE IT ORDAINED** by the Mayor and Council of the Borough of Allendale, County of Bergen, State of New Jersey, as follows:

#### **SECTION I**

The recitals are hereby incorporated as if set forth in full herein.

#### **SECTION II**

The Borough hereby approves the sale of the System to Suez Water New Jersey Inc. for \$18,000,000 in accordance with its bid and in accordance with the terms and conditions of the RFB and the Agreement of Sale, subject to the approval of the voters of the Borough as set forth in N.J.S.A. 40:62-5.

#### **SECTION III**

The Agreement of Sale between the Borough and Suez Water New Jersey Inc. entitled "Agreement of Sale between the Borough of Allendale, New Jersey and Suez Water New Jersey Inc." substantially in the form on file in the office of the Borough Clerk, is hereby approved with such further changes, insertions and amendments as deemed necessary by the governing body of the Borough, in consultation with the Borough staff and professionals. The approval of this Agreement of Sale is subject to compliance with the provisions of N.J.S.A. 40:62-5 of the Public Utilities Law.

#### **SECTION IV**

The Mayor and Council and all other appropriate officials of the Borough are hereby authorized and directed to execute the Agreement of Sale and any other documents deemed necessary to effectuate the terms of this Ordinance and to proceed with the regulatory process and approvals required under the provisions of the Agreement of Sale and the Public Utilities Law subject to approval of the sale by the voters of the Borough pursuant to N.J.S.A. 40:62-5.

#### **SECTION V**

The Mayor and Council hereby requests and directs the Clerk of the County of Bergen to place the following question and explanation on the ballot of the next general election, such to be substantially in the form provided in N.J.S.A. 40:62-5 as follows:

#### **PROPOSAL**

"Shall the Borough of Allendale, in the County of Bergen, New Jersey, be authorized to sell its water supply, storage, treatment and distribution system (commonly known as the "water system") to Suez Water New Jersey Inc. for the sum of \$18,000,000?"

Yes

No

**Explanation**

If a majority of the legal votes cast in the Borough are "yes", the Borough of Allendale will sign an agreement with Suez Water New Jersey Inc. for the sale of water system servicing the residents and property owners within the geographic boundaries of the Borough in the amount of \$18,000,000.

This agreement provides that Suez Water New Jersey Inc. will provide and maintain all water services to the existing customers of the Borough's water system and will make substantial capital improvements to such system in accordance with the terms of the Agreement of Sale approved by the Borough. Subject to the final review and approval of the New Jersey Board of Public Utilities, the service rates to the customers of the Borough's System are proposed to be changed as follows for up to a maximum of 10 years following the sale:

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Rate Increase	0%	0.5%	0%	0%	5%	0%	5%	0%	0%	5%

Upon the completion of the rate schedule approved by the Board of Public Utilities future rate changes shall be subject to approval by the New Jersey Board of Public Utilities.

If a majority of the legal votes cast in the Borough are "no", the Borough will retain the water system and will immediately begin a process to increase water rates to the extent required to address the need for additional treatment technology and maintenance activities.

## SECTION VI

This Ordinance shall take effect as provided by law.

	Motion	Second	Yea	Nay	Absent	Abstain
Homan	✓		✓			
O'Connell			✓			
O'Toole			✓			
Sasso		✓	✓			
Strauch					✓	
Wilczynski					✓	
Bernstein						

I hereby certify the above to  
be a true copy of an Ordinance  
adopted by the Governing Body  
of the Borough of Allendale on  
July 22, 2021



Mayor Ari Bernstein



Michelle Ryan  
Acting Municipal Clerk