

UL. v. Catnet, Old Bridge

1985

- Letter to Judge in ~~support~~ response to Memorandum and Affidavits in opposition to Motion

- Affidavit: Brown

- Deposition of Alaimo

Pgs. 27

P.I. 3038

CA000071V

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May 7, 1985

FILE NO.

Honorable Eugene D. Serpentelli  
Judge, Superior Court of New Jersey  
Ocean County Court House  
Toms River, New Jersey 08753

Re: Urban League of Greater New Brunswick, et al.  
v. Borough of Carteret, et al. (Old Bridge Township)  
C-4122-73  
O&Y Old Bridge Development Corp. v. Township of Old Bridge,  
C-009837-84.

Dear Judge Serpentelli:

This letter and its supporting material are submitted in response to the Memorandum and affidavits in opposition to our Motion provided by William Flynn, attorney for the Old Bridge Township Municipal Utilities Authority, hereafter, OBTMUA.

Mr. Flynn has characterized O & Y Old Bridge Development Corp— hereafter, O&Y— as bringing this motion as a "ploy" designed to "lever" the town into a position which, he asserts, is not morally, ethically or socially desirable. His letter indicates that the OBTMUA has been working very diligently to resolve its problems, and he asserts that O&Y is somehow overreaching. Indeed, his certification indicates that he believes that it is O&Y's real policy to establish its own water company.

I do not believe it necessary to response point by point to Mr. Flynn's material, particularly since, when stripped of its rhetoric, it largely supports O&Y's position. For example, the letter submitted to the Superintendent of the Perth Amboy Water Company by Mr. Kurtz underscores the long-term nature of the problem, as well as indicating that the developers, including O&Y, have provided the OBTMUA with estimates of their overall water needs.

It should be clear at the outset that O&Y would much prefer working with the OBTMUA to establish a real, long term solution to Old Bridge's water supply problems, and would seek to gain the franchise to serve its development only as a last resort. O&Y has continued to meet with the OBTMUA, even during

the pendency of this motion, in an effort to try to find a solution to the problem which accomodates the interests of the Township as well as the interests of the developers, including O&Y. The sad reality, however, is that the OBTMUA has been either unwilling or unable to solve its long term problems. It has been engaged in a series of stop-gap, "band-aid" solutions, permitting some developments to go forward while retarding others. Whether by accident or design, it has made it impossible for O&Y or any other large-scale developer which intends to supply lower income housing from going forward.

The plain facts of the matter are these:

1. Old Bridge Township currently lacks sufficiently capacity in terms of potable water to serve all of its existing and projected customers.

This condition has been in existence for a matter of years. Attached hereto as Exhibit B is a transcript of a deposition taken on December 1, 1978, of Richard A. Alaimo, in the case of Oakwood at Madison vs. The Old Bridge MUA.

While the copy quality is less than desireable, the transcript makes it clear that OBTMUA then ( as now) was unable to deal with current problems and the projected impact of large-scale development-- in that case, the 1750 units proposed to be built by Oakwood at Madison. Mr. Alaimo, then the consulting engineer for the OBTMUA, categorically stated, at that time, that the Authority's facilities were completely overtaxed and the only reason they had not had widespread supply failures was due to adequate summer rains (Transcript, pp 13-15).

2. Despite changes in the OBTMUA personnel and a reconstituted Authority, OBTMUA is no closer to meeting O&Y's needs today than it was then.

Despite the hopeful tone of Mr. DiNinno's affidavit, the Authority is really focusing on meeting its present statutory responsibilities to provide adequate, safe supply to its present customers. If asked directly, I think Township will not seriously dispute the proposition that they have a current water supply problem and they do not have an answer to the problem posed by the development of the two plaintiff developers in this case, O&Y/Old Bridge Development Corp. and Woodhaven Village, which collectively could bring another twenty thousand dwelling units on line before their projects are completed.

3. The Township's response to the clearly articulated needs of O&Y and Woodhaven has been to seek delay.

On March 22, 1984, Mr. Barry Hopman, then Chairman of the Old Bridge Township Municipal Utilities Authority addressed the Old Bridge Township Planning Board, informing the Planning Board that the Township Municipal

Utilities Authority did not have sufficient water to meet the present development applications and that it would probably have to impose a moratorium on future large scale developments. We understand that there has been an informal mechanism in place to deny any larger-scale developer access to potable water, until recent contracts for the sale of Perth Amboy water have been achieved. As the parties in this case—as well as the Master— have been informed, there are significant problems with long-term reliance on the Perth Amboy system.

4. O&Y has provided the OBTMUA with several alternatives, including a willingness to enter into arrangements with the OBTMUA to purchase water, and has attempted to work with the OBTMUA in a joint arrangement with Middlesex Water Company.

Mr. Flynn's letter indicates that the Authority is ready, willing and able to discuss and enter into an agreement with O&Y on all aspects of supplying water to the developer on a fair cost basis. We suggest that O&Y desires such a solution. However, since the OBTMUA has been reluctant to recognize the gravity of the current situation, and to undertake the repairs, renovations and connections to surface water supplies which appear to be required in order to meet current demand (much less enter into arrangements with developers, which seems to be politically difficult for the Township) we have had to approach the court for its assistance in achieving a just and timely solution to this problem.

Mr. Flynn makes reference in his letter to past history and notes that Olympia & York, in prior litigation, had sought to create its own water company. Mr. Brown's affidavit, set forth as Exhibit A, amply demonstrates that Olympia & York has been engaged in a systematic search for solutions to the water supply problem which would be generated by a full buildout of the O&Y development. These past efforts have included explorations of the feasibility of establishing a water company, joint development with the OBTMUA, and other solutions. O&Y's prior preferred solution, which was to draw wells into the aquifer underlying its property, and to create a water supply and distribution system which well could have become part of the Old Bridge Municipal Utility Authority System has been abandoned, because of a change in New Jersey state policy away from granting additional diversionary water rights and towards a system of inter-connections with surface water supplies. I note, parenthetically, that Old Bridge's system, which is highly dependent on wells, will suffer further from newly announced state policies, which suggest that in the near future, there will be reductions in existing diversionary permits so as to curtail overpumping of highly-stressed aquifers.

This court permitted O&Y to amend its complaint to bring in the OBTMUA and the Sewer Authority in July, 1984. O&Y was then, as now, vigorously engaged in a search for adequate assured water supplies, and outlined several feasible alternatives. Included in that outline was evidence submitted, reincorporated here as Exhibit C, that Middlesex Water Company will be willing

to construct, at its own expense, such facilities as would be necessary in order to bring sufficient water to the development to permit the full construction of both the O&Y/Old Bridge development and Woodhaven development.

The "Middlesex Water Company solution" could take several forms—having the OBTMUA as a partner with O&Y and Middlesex, having O&Y owning the franchise to serve its development and contracting with Middlesex for the supply, or a variety of other forms. O&Y has been, and remains, willing to negotiate seriously with the OBTMUA and enter into arrangements which serve both the Township and the developer. However, O&Y is not willing to stand by and wait for the OBTMUA to restudy the problem again and again, while permitting other developments to go forward. There are solutions to the water supply problems available now, if the OBTMUA would simply reach out for them.

5. Water supply is essential to the settlement of this case, including the resolution of the Mount Laurel issues.

As we noted to this court in our moving papers requesting this hearing, without an adequate assurance of the timely provision of sufficient water in order to meet the demand, both for market development and for lower income developments, there cannot be any development. No water; no housing.

The logic of incorporating this problem in a Mount Laurel case should be clear. Any developer seeking to build anything—including affordable housing—needs water, and without water, any "Mount Laurel compliance" would be illusory. Secondly, the Middlesex Water Company offer—or its equivalent from the OBTMUA—is one of the keys to making the development work economically, thus permitting the developer to provide Old Bridge with housing to meet its Mount Laurel commitments.

Regretably, the OBTMUA has chosen not to make a decision as to long-term water supply or to recognize its obligation to participate in a solution of Old Bridge Township's Mount Laurel obligations. Rather, it continues to "study the problem", much as it had done since O&Y first began to prepare serious plans for development, in 1979.

Your Honor, it is not "a ploy" which brings O&Y to this court seeking the relief requested in its motion of April 2, 1985. It is, rather, a sincere effort to force the Township to acknowledge the seriousness of its current water supply problems and to require it to enter into a cost-effective, fair solution to its long-term development needs. There is no question that future development—any future development of any significant size—is going to require augmented water supplies, and that no lower income housing, on the scale needed to meet Old Bridge Township's present and projected needs, can be built without an effective solution to the water supply problem. O&Y has brought such a proposed solution to the table, and has expressed its willingness to work with the Township to create an effective response to its water supply problems. Yet, apparently for political reasons, the Township has refused to seriously consider O&Y's proffer.

The Hon. Eugene D. Serpentelli  
Page 5  
May 7, 1985

### CONCLUSION

1. Old Bridge Township needs to have an effective mechanism in place in order to deliver its fair share of lower income housing units. O&Y/Old Bridge Development Corp., in conjunction with Woodhaven Village, stands ready to supply sufficient numbers of low income housing to permit Old Bridge Township to comply with its constitutional obligations.

2. There has been progress in negotiations with the Township, which offers some hope that these developments could be in place in time to provide measurably increased opportunities for lower income housing, but for the major unresolved issue of potable water. The Township has agreed, in principle, to revise its Land Development Ordinance to facilitate the construction of lower income housing. Also, the negotiations between the Township and the developers with respect to alternative methods of providing for their fair share of lower income housing appear to be nearly resolved.

3. Negotiations between the developers, the Township and the Urban League with respect to fair share obligations, while less certain, also indicate that a negotiated solution is possible.

4. The remaining serious issue— which affects not only O&Y but all other developers within the Township, is water supply. O&Y has, at significant expense to itself and through great diligence, found solutions which could be implemented in a timely fashion in order to permit its development to go forward. However, the OBTMUA has failed to seriously consider O&Y's proffer and has made no attempt to provide a cost effective solution on its own to meet its statutory requirement, and permit Old Bridge Township to move forward with its constitutional obligation. For these reasons, O&Y, reluctantly, has been forced to seek the relief requested before your Honor at the present time.

We welcome the opportunity to join with Old Bridge Township and its Municipal Utilities Authority in oral argument before Your Honor on May 10.

Respectfully submitted,

BRENER, WALLACK & HILL



Thomas Jay Hall

co-Counsel:

HANNOCH, WEISMAN, STERN  
BESSER, BERKOWITZ & KINNY

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Attorneys for Plaintiff

URBAN LEAGUE OF GREATER NEW  
BRUNSWICK, et. al.,

Plaintiffs,

v.

THE MAYOR AND COUNCIL of the  
BOROUGH OF CARTERET, et al.,

Defendants,

O&Y OLD BRIDGE DEVELOPMENT  
CORPORATION, a Delaware  
Corporation,

Plaintiff,

v.

THE TOWNSHIP OF OLD BRIDGE in  
the COUNTY OF MIDDLESEX, a  
Municipal corporation of the  
State of New Jersey, THE TOWNSHIP  
COUNCIL OF THE TOWNSHIP OF  
OLD BRIDGE, THE MUNICIPAL  
UTILITIES AUTHORITY OF THE  
TOWNSHIP OF OLD BRIDGE, and  
the PLANNING BOARD OF THE  
TOWNSHIP OF OLD BRIDGE

Defendants

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION  
MIDDLESEX COUNTY

DOCKET NO. C-4122-73

SUPERIOR COURT OF NEW JERSEY  
LAW DIVISION  
MIDDLESEX COUNTY/  
OCEAN COUNTY  
(Mount Laurel II)

DOCKET NO. L-009837-84 P.W.

Civil Action

AFFIDAVIT

STATE OF NEW JERSEY:

SS:

COUNTY OF MIDDLESEX:

LLOYD BROWN, of full age, having been duly sworn according to law,  
upon his oath deposes and says:

1. I am Executive Vice President of O & Y Old Bridge Development Corp., a Delaware Corporation authorized to do business in New Jersey. O & Y Old Bridge Development Corp. is a wholly owned subsidiary of Olympia and York Developments Limited of Canada, a multinational real estate development company with substantial financial resources.

2. The principle asset of O & Y Old Bridge Development Corp. is approximately 2,600 contiguous acres of land which it has held since 1974 and which land assembly is located in Old Bridge Township, Middlesex County, New Jersey.

3. Late in 1978, I was appointed Chief Operating Officer of O & Y Old Bridge Development Corp. (hereinafter O & Y) with the responsibility to obtain such approvals as necessary to develop the land assembly into a mixed-use development, including residential, retail commercial, office and industrial uses.

4. On January 31, 1979, I met for the first time with E. Fletcher Davis, then Township Planning Director, to explore O & Y's best course of action with reference to development of its land holdings.

5. As a result of this and other meetings with the Old Bridge Township Planning Board and its staff, it became clear that, under the provisions of the Old Bridge Land Development Ordinance then existant, it was a practical impossibility to even file an application for a development of the size contemplated by O & Y.

6. On August 9, 1979, O & Y made formal representation to the Old Bridge Planning Board requesting certain



procedural amendments to the Ordinance, which would permit O & Y to submit a General Development Plan application which would formalize policy decisions relative to:

- (a) Establishing the approximate size and location of:
  - (i) areas for residential development;
  - (ii) areas for retail commercial development;
  - (iii) areas for office/industrial development;
  - (iv) areas for open space development.
- (b) Establishing the total number of residential units.
- (c) Establishing the approximate alignment of the major internal roads.
- (d) Establishing provision for an adequate potable water supply system.
- (e) Establishing provision for an adequate sewerage disposal system.

7. At first, it appeared the Planning Board and its staff was willing to make these changes and to recommend the relevant Ordinance revisions to Council, but after over eighteen months of fruitless effort, it was obvious the Township had no intention of making the required changes to its application procedures.

8. On February 18, 1981, O & Y filed suit to challenge the Land Development Ordinance as well as challenging the fee schedules of the Old Bridge Township Sewerage Authority and of the Old Bridge Township Municipal Utilities Authority and also challenging the failure of these authorities to plan and provide for necessary water and sewer needs of the development.

9. On February 13, 1981, Elson T. Killam Associates, on behalf of O & Y, requested the Old Bridge Township Municipal Utilities Authority, hereinafter referred to as OBTMUA, to commit to serve the development with at least four (4) million gallons per day (MGD) of water.

10. By letter dated March 13, 1981, Richard Alaimo, consulting engineer to the OBTMUA, advised Killam that because the OBTMUA had been sued by O & Y, it could not agree to provide any water without approval from its attorney.

11. The 1981 litigation was suspended by Order of Judge Harding because active settlement negotiations were underway between the parties.

12. During 1981, 1982 and 1983, various investigations of alternative means of supplying water to the proposed development were undertaken, including the investigation of drilling on-site wells and constructing on-site facilities for the withdrawal, treatment, storage and distribution of potable water. It was contemplated that such an on-site system would not be retained by O & Y but become the property of OBTMUA.

13. On May 3, 1982, the Township Council passed a resolution approving the O & Y development in principle, with a specific designation of 10,260 residential units to the development and containing a direction from the Council that certain proposed amendments to the Old Bridge Township Ordinance be promulgated by the staff and submitted to the Planning Board for approval and subsequent submission to Council for enactment.

14. Numerous meetings, conferences and workshops between O & Y, its consultants, the Planning Board and its staff, and representatives of various Township Committees took place between May 1982 and April 5, 1983, when the revised Ordinance was finally enacted by the Township Council.

15. On May 22, 1983, O & Y submitted a General Development Plan in conformance with the new Ordinance. Section 5 of the Plan described a water supply system, which was to be built by O & Y, based on on-site production, and eventually turned over to the OBTMUA.

16. Difficulties with the Planning Board's consideration of the General Development Plan appeared to arise following the Municipal election on November 8, 1983 and apparently stemmed from the fact that due to a change in the administration concurrently with a change in the form of Municipal government, all the members of the Planning Board could expect to be replaced as of January 1, 1984. In spite of granting extensions to the Planning Board, it became apparent that the Planning Board was unwilling to approve the application prior to the end of December 1983 and O & Y refused to agree to reapply to the new Planning Board which would be constituted in the new year under the new form of government.

17. In February 1984, O & Y filed suit against Old Bridge Township, alleging failure to comply with the constitutional mandates of Mount Laurel II. In July 1984, O & Y amended its complaint to bring in the OBTMUA and the Sewerage Authority.

18. During 1983 and 1984, O & Y and its consultants held several meetings with Middlesex County and State of New Jersey

officials which indicated that the State was changing its policies with regard to diversions of ground water as a potable water supply source, and O & Y would be well advised to find an alternative water supply source.

19. O & Y began an intensive search for a potable water supply from other water purveyors, including the Township of East Brunswick, Gordon's Corner Water Company, the Duhernal Water Company and Middlesex Water Company.

20. These investigations revealed that Middlesex Water Company had a substantial excess of potable water from surface water supplies as a result of long-term allotments arranged with the State of New Jersey. This supply would not be subject to the State's policy to curtail ground water diversions.

21. Middlesex Water Company agreed to supply O & Y with an adequate potable water supply sufficient to meet the long-term requirements for the entire development:

- (a) without charge for installation of the trunk line required to convey the water to the development;
- (b) without requiring payment from O & Y for storage tanks and similar major components of the system;
- (c) without requiring payment of connection fees, now or in the future,

all of which was conditioned upon the Middlesex Water Company obtaining the franchise to serve the development and all of which was set forth in an exchange of letters.

22. In June 1984, O & Y communicated Middlesex Water Company's proposal in writing to the OBTMUA.

23. Since June 1984, substantial time and effort has been expended in an attempt to achieve agreement with OBTMUA as to water supply, but no agreement has been reached to-date.

24. In sharp contrast, a comprehensive agreement has been reached between the Old Bridge Township Sewerage Authority and O & Y with respect to the provision of sewers for the development and the Sewerage Authority has been dismissed from this case.

25. Further, as the Master can attest, the Planning Board, its special consultants and its staff have drafted new Ordinance provisions which are acceptable to O & Y and will enable O & Y and other developers to proceed efficiently and cost effectively with development of subdivisions that could provide housing opportunities for lower income households.

26. Further, the Township Council and the developer plaintiffs have reached agreement as to the provision of lower income housing, and the total number of housing units. Under that agreement, O & Y would be permitted to build 13,200 dwelling units, including market and lower income housing.

27. All of these agreements stand in contrast against the allegations made in Mr. Flynn's letter that O & Y has not been cooperative in supplying OBTMUA and its staff with its estimates of need. Admittedly, the actual timing of the construction of the residential units has been an open question, due to inherent uncertainties, but estimates of total water need were supplied to the

OBTMUA as early as 1981, and as recently as March 29, 1985 and April 19, 1985.

28. While maintaining that it does not have adequate resources to serve the requirements of O & Y's development, the OBTMUA has given and is apparently is about to give, supply commitments to several developments, none of which provide for Mount Laurel low and moderate income housing. It is quite apparent that even if a solution can be found by the OBTMUA to provide for the long-term water supply needs of O & Y's development, during the two or three years it may take to implement such a plan, O & Y could be left without water to commence its development because all available interim supply will have been allocated.

29. Sensing that all issues except the long-term supply of water have been resolved, O & Y is in the final stage of obtaining approvals for the construction of trunk sewers and is now anxious to immediately commence construction, including Mount Laurel units. To this end, O & Y has subdivision plans and is prepared to immediately submit an application for a subdivision containing approximately 950 homes, the first of which could be ready for occupancy in less than twelve months, assuming immediate passage of the Ordinance revisions that have been agreed upon between the parties.

30. Throughout this effort, O & Y has not been seeking to displace the ordinary rights of any governmental unit, including the OBTMUA, but rather to obtain sufficient water supply, sufficient sewage treatment, proper and timely governmental reviews of its proposed project, so as to permit it to go forward with a development

which will be profitable to O & Y, meet the needs of the market, and supply significantly enhanced housing opportunities for lower income people. In this context, assurance of an adequate potable water supply has always been of paramount importance to O & Y because without adequate water there can be no development.

31. Mr. Flynn has perceived O & Y's motion as a ploy to gain a bargaining position or a ploy to obtain part of the OBTMUA's franchise. Having essentially resolved all other matters at issue, the matter of an adequate long-term supply is the only substantive issue remaining that will determine whether or not O & Y has a development.


32. Over the years, O & Y's dealings with the OBTMUA have been characterized by this type of derogatory allegation. O & Y has been accused of an abrasive attitude, failure to cooperate, devious methods, refusing to provide engineering data, providing misleading information, failure to advise the OBTMUA of projected water requirements, failure to file formal applications, failure to come forward with solutions to their problems and failure to offer multimillion funding to carry out their major offsite projects.

33. All of these allegations stand in marked contrast to the straightforward, businesslike conduct of Middlesex Water Company wherein, after only two very amicable meetings, O & Y received a written commitment for a long-term water supply under the favorable conditions set out in paragraph 21 of this Affidavit.

34. O & Y is not engaged in "ploys" but O & Y is engaged in a determined effort to obtain the water supply that is vital to the

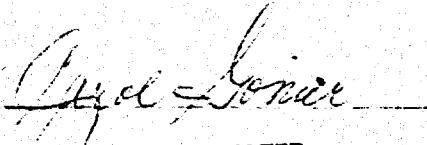
realization of the development even if this necessitates removing an unserved area from the franchise of a recalcitrant utility that either cannot or will not meet its obligation to serve.

I hereby certify that the foregoing statements made by me are true and I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



Lloyd Brown

Signed and sworn to before  
me this 7<sup>th</sup> day of  
May, 1985.



CAROL GONIER  
A Notary Public of New Jersey  
My Commission expires Sept. 24, 1985



①

OAKWOOD AT MADISON, INC.,  
and BEREN CORPORATION,  
corporations of the  
State of New Jersey,

Plaintiffs,

vs.

OLD BRIDGE MUNICIPAL  
UTILITIES AUTHORITIES,  
a Municipal Authority  
of the State of New Jersey,

Defendants.

CIVIL ACTION

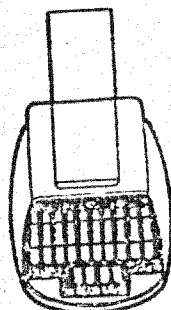
Deposition of

RICHARD A. ALAIMO

TRANSCRIPT of the stenographic notes  
of the above-entitled matter as taken before MARIANN  
CORALLO, a Certified Shorthand Reporter and Notary  
Public of the State of New Jersey at the offices of  
MESSRS. MEZEY & MEZEY, 93 Bayard Street, New Brunswick,  
New Jersey on Friday, December 1, 1978, commencing at  
2 o'clock in the afternoon.

simon  
cittone  
associates, inc.

1697 Oak Tree Road  
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KINGDON, BERHANG & CITONE

2

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4 BY: FREDERICK C. MEZEY, ESQ.

5 LOUIS J. ALFONSO, ESQ.  
6 Attorney for Township of Old Bridge,  
7 BY: THOMAS T. CUTCHALL, ESQ.

8 MESSRS. ANTONIO & FLYNN,  
9 Attorneys for Old Bridge Municipal Authority,  
10 BY: WILLIAM E. FLYNN, ESQ.  
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WITNESS

DIRECT

Richard A. Alaimo

By: Mr. Mezey

2

EXHIBITS

EXHIBIT NO.

DESCRIPTION

FOR IDENT.

P-1

Map

3

P-2

Financial Statements

20

P-3

Proposed Rate Schedule

23

1 RICHARD A. ALAIMO, Sworn.

2 DIRECT EXAMINATION BY MR. MEZEY:

3 Q Mr. Alaimo, my name is Fred Mezey, and I  
4 represent the plaintiffs in this case in which the Old  
5 Bridge connection fees are in question. This is a  
6 deposition. It's actually part of the court proceeding,  
7 and it's being held in the office. All the attorneys in  
8 this case are here although we do not have a judge so that  
9 from time to time there may be objections to various  
10 questions by some of the attorneys. If there is, you  
11 should hold your answer. Let the objection be stated, and  
12 then you should complete your answer. This is part of  
13 the court proceeding, and your testimony is being taken  
14 under oath. It can be used at trial. The transcript is  
15 being made of it, so it's very important that you under-  
16 stand my questions. If they're understandable, and then  
17 if you understand them, please answer them, and if you  
18 don't understand them, let me know that you don't, and I'll  
19 do the best I can to rephrase it.

20 A Yes.

21 Q And do you understand the nature of these  
22 depositions? Have you had a chance to talk to Mr. Flynn  
23 about this so he can explain it to you?

24 A My basic understanding is that the contention is  
25 the amount of the connection fees as opposed to connection

5  
1 fees as such.

2 Q Well, that may or may not be a contention at  
3 trial, but I'm talking about the nature of these proceedings  
4 here today.

5 A Yes, I do.

6 Q Now, you're a professional engineer of the  
7 State of New Jersey?

8 A Yes, sir.

9 Q And when did you receive your license?

10 A 1964. I believe it was 1964.

11 Q And are you licensed in any other state?

12 A Commonwealth of Pennsylvania.

13 Q When did you receive that license?

14 A '65, '66, something like that.

15 Q What was your academic background?

16 A Graduated Rutgers University, College of Engineering  
17 and Civil Engineering, speciality.

18 Q In what year?

19 A Class of '56.

20 Q And any other academic training?

21 A No.

22 Q Do you represent any municipalities or other  
23 authorities?

24 A I am the president of a firm. We have five  
25 corporations. I represent in name approximately 30 to 35



6  
1 municipalities, from public works departments and municipal-  
2 ities, townships, borough utilities authorities, sewerage  
3 authorities. We have three offices, one in Passaic, one  
4 in Mount Holly, and one in Cherry Hill.

5 Q And how long have you been connected with the  
6 Old Bridge Municipal Utilities Authority?

7 A Since its inception which, I believe, was 1962,  
8 something like that.

9 Q Could you describe for us what the Old Bridge  
10 Municipal Utilities Authority consists of?

11 A The facilities are composite of acquisitions of  
12 previously owned private water companies, approximately  
13 eight water companies who had their own supply treatment  
14 distribution systems, in the case of the Browntown system,  
15 the case of the Madison Water Company system, Laurence  
16 Harbor system, the balance of the systems that were acquired  
17 with strictly distribution systems that were also owned by  
18 private entities at that time so that the authority has  
19 from 1962, and I think the last acquisition was approximately  
20 1968 acquired the companies, rehabilitated them, and proved  
21 their supply treatment system, distribution storage  
22 facilities, interconnected all eight water companies so  
23 that as in generalization, the authority owns a composite  
24 of private water companies that have been physically tied  
25 together in 1978 and before that.

1 Q Now, do you know the cost of the facilities  
2 acquired by the authority?

3 A I do not know the exact number. I know approximately.

4 Q What is that approximate number?

5 A To the best of my knowledge approximately about  
6 9 to 10 million in acquisition costs.

7 Q Acquisition costs.

8 MR. FLYNN: For clarification, did  
9 your question have to do with what it costs  
10 the authority to acquire or what it costs  
11 the facilities to construct original?

12 Q The authority to acquire.

13 A I believe the bond issues themselves total about  
14 9 to \$10 million, something like that.

15 Q Now, that was a total bond issue or the total  
16 bond?

17 A Various bond issues.

18 Q For acquisition?

19 A Correct.

20 Q Now, do you know the cost of those facilities  
21 when built?

22 A You'd have to define cost for me. Are you talking  
23 about owner cost?

24 Q Either the cost of the developers or the cost  
25 of the township.

1 A Well, the cost of the township was obviously the  
2 bond issue itself.

3 Q I mean previous to the bond issue.

4 A I don't understand the question.

5 Q The bond issue that you're referring to --

6 MR. FLYNN: That is already several  
7 bond issues.

8 Q The bond issue was for the purpose of  
9 acquiring existing facilities?

10 A Correct.

11 Q Now, I'm asking the question that Mr. Flynn  
12 alluded to before, which is what was the cost of those  
13 facilities, whoever built them.

14 A I don't have that information available to me at  
15 this time. It would take a lot of research to go back and  
16 to track what would have been the owner cost at the time  
17 of acquisition which were obviously filed on P.U.C. reports  
18 at that time, and that would be the best information  
19 available.

20 Q Were any of the facilities constructed by  
21 the township or were any of the facilities paid for by the  
22 township, not by the authority, by the township?

23 A By the township?

24 Q Yes.

25 A I don't recall any township participation unless it



1 may have been in the Midt in Water system or the developer  
2 went default and the township took over the system, and  
3 there was some conveyance of township properties to the  
4 authority, but it was very minor.

5 Q Did the authority provide any funds other  
6 than the bonding funds?

7 A No, all the authority funds and the bond issue not  
8 only covered the payments to the private water companies  
9 but rehabilitation of those systems itself, so that the  
10 9 to \$10 million included construction monies to improve  
11 those particular systems.

12 Q And how much of the 9 to \$10 million dollars  
13 was for acquisition of facilities without improvement?

14 A I could get that information for you. I can't  
15 have it available to me today.

16 Q Could you furnish that to us?

17 A Yes.

18 MR. MEZEY: Mr. Flynn, is that all  
19 right?

20 Q And could you break that down, too, by each  
21 system so we know the companies of each system and the  
22 cost of improvement.

23 A That's the only way I could compile it.

24 MR. FLYNN: So you want the cost of  
25 the system and the cost of the improvement

1 of that system broken down?

2 MR. MEYER: Broken down by system,  
3 the cost of acquisition of the existing system,  
4 and the cost of improvements to that system.

5 Q Now, can I ask you this: Does there exist  
6 a map of the entire system?

7 A Yes.

8 Q And that's in the authority's possession?

9 A I have one with me.

10 Q You have one with you. Can we ask you to  
11 produce that for us?

12 A Certainly.

13 Q I think we better have this marked first of  
14 all. I guess we can call this water distribution  
15 facilities map, Old Bridge Township, last revised November,  
16 1968. This should be P-1.

17 [Map received and marked Exhibit P-1  
18 for identification.]

19 Q Maybe you can describe that for us now.

20 A It physically is a map of Old Bridge Township. It  
21 indicates the best known as built record of the authority's  
22 distribution system. It also denotes the locations of  
23 storage facilities, wells and treatment plants.

24 Q Can you tell us how the storage facilities,  
25 wells, and treatment plants are indicated?

1 A You know, it says : 11 number --

2 Q An engineer knows how to read that, right?  
3 Is that clear, Pete? How do you designate the different  
4 systems?

5 A Well, we don't designate them for any time purpose  
6 now because they're all a part of one system. If for  
7 your information I could just mark the plan up and say  
8 this is where they were 20 years ago.

9 Q And then when you furnish this information  
10 on the costs, could you refer to the same number?

11 A Yes.

12 Q Could you do that for us?

13 A Yes.

14 Q You want to do that now?

15 MR. FLYNN: We don't want to waste  
16 that much time now.

17 A This is called the Laurence Harbor system, this is  
18 called the Cliffwood system. They're already noted in  
19 these particular cases. This was called the Garden  
20 State Water Company, and this was the shopping center.  
21 I don't know the name of it, Sayrewood Shopping Center.  
22 This is the Browntown system. This is the Madison Water  
23 Company. This is Midtown Water Company, Westbury. Right,  
24 that's it.

25 Q Now, are you familiar with the Oakwood at

1 Madison subdivision?

2 A Very little.

3 Q Have you seen the plans?

4 A If I have, I don't really recall them.

5 Q Well, let me tell you that basically

6 preliminary approval has been granted for 1250 lots and

7 for an ultimate development of 1750 units. The whole

8 1750 units has not yet received preliminary approval, but

9 the 1250 lots have. I guess it's somewhere in the area of

10 1500 units there that are approved as of now, and of course,

11 the settlement with the township provides for the develop-

12 ment of the full 1750 units. Is there presently enough

13 capacity in this water system that we see here for that

14 project?

15 A My understanding is there's going to be in the

16 southern portion of the town.

17 Q Yes, southern portion bordering on Monmouth

18 County.

19 MR. FLYNN: Maybe we ought to mark it

20 on the map possibly.

21 A Well, Spring Valley Road, we're in this portion

22 around here, and that's it.

23 Q Let's say south of Spring Valley Road.

24 A To answer the question is no.

25 Q What portion of that development is there

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