

Top Three Ways that Privatization Threatens Gloucester's Sewers

Gloucester Township, NJ, is exploring a sale of its sewer collection system. Sewer privatization — when private corporations buy public wastewater utilities — is a false solution for aging infrastructure and budget shortfalls. It often leaves communities with higher sewer bills, worse customer service, local job losses, and little control to fix these problems. Here are the three main risks with selling Gloucester Township's sewer collection system to a for-profit company:

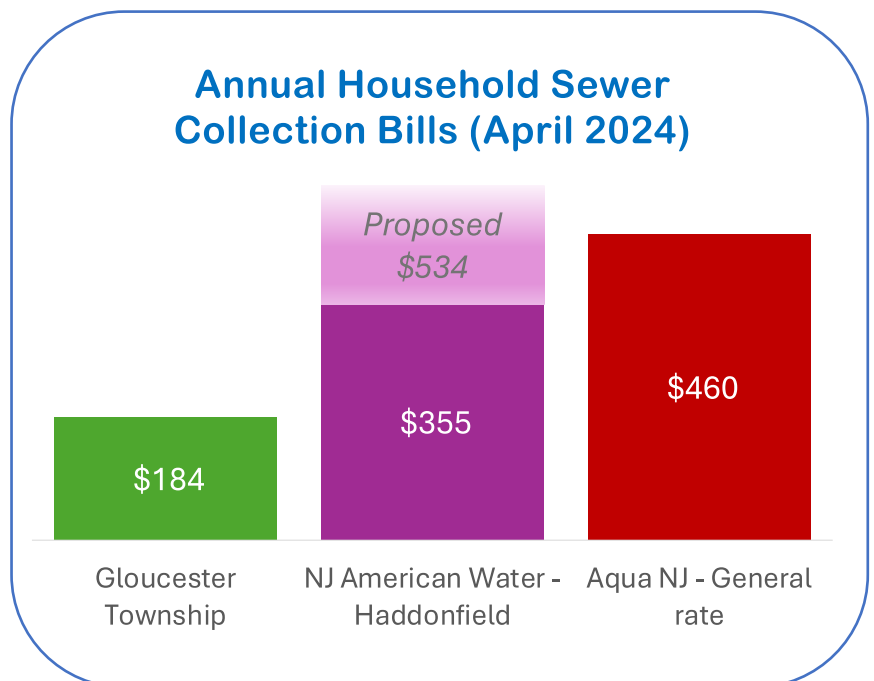
(1) Loss of Local Control

By privatizing sewer systems, local government officials abdicate control over a vital public resource. This limits public accountability. For-profit water corporations are primarily accountable to their stockholders, not to the people they serve. With public ownership, residents can visit their elected officials. They can directly express their opinions about the operation of their water systems. If the officials fail to respond, the community can vote them out of office. The public lacks similar mechanisms to address their concerns with private utilities and appointed state regulators.

For-profit corporations usually restrict public access to information. They do not have the same level of openness as the public sector. The public cannot submit an Open Public Records Act (OPRA) request to a CEO of a private corporation like they can to the township officials.

(2) Higher Sewer Bills

The largest two investor-owned utilities in New Jersey charge **2 to 3.5 times** as much as Gloucester Township charges a typical household for sewer collection service. Households in nearby communities with private sewer systems are paying \$171 to \$276 a year *more* than Gloucester Township households for sewer collection service.



Gloucester Township charges households \$46 a quarter for sewer collection service; this is \$184 a year.¹ NJ American Water currently charges a typical Haddonfield household \$29.58 a month, or \$355 a year – nearly twice as much as Gloucester Township charges – and the company is currently seeking an additional 50 percent rate hike that would bring the annual sewer collection bill in Haddonfield up to \$534 a year.² Aqua New Jersey charges single-family homes a fixed sewer rate of \$38.35 a month, or \$460 a year – 2.5 times as much as Gloucester Township charges for sewer collection service.³

(3) Wrong Priorities

The objectives of a profit-extracting water company can conflict with the public interest. A water corporation has different goals than a city does. It makes its decisions using a different set of criteria – often one that prioritizes profitability.

More broadly, local public control of water and sewer utilities is often necessary for successful planning that protects natural resources in that region. Private ownership can complicate and interfere with planning activities. There is no built-in incentive to cooperate with neighboring municipalities and government agencies in protecting water resources, managing watersheds, or working on affordability, equity, and sustainability.

Gloucester Township Should Reject Sewer Privatization

Gloucester Township officials should stop the sale of the sewer system. Privatization is never a real solution to government financial challenges, but rather, it is a one-shot ploy that masks the underlying problems and delays the hard decisions necessary for real fiscal sustainability. A sale to a for-profit company will increase the long-term costs borne by households and local businesses. Instead of privatization, Gloucester Township should apply for state and federal wastewater grants to reduce improvement costs for residents. Local officials can also explore public-public partnerships – including intermunicipal cooperation, interlocal agreements, and bulk purchasing consortiums – to improve public services and reduce costs.



Take action!

1 Gloucester Township. An Ordinance of the Township of Gloucester Establishing Certain Fees for the Sewer Utility as Part of Chapter 51 of the Code of the Township of Gloucester, County of Camden and State of New Jersey. O-24-06. March 11, 2024 at 2.

2 New Jersey American Water. "Notice of Filing of Proposed Rate Increase and Public Hearing." OAL Docket PUC 02409-2024 S. BPU Docket WR24010056. April 10, 2024 at 4.

3 Aqua New Jersey, Inc. "Tariff for Sewer Service." January 1, 2021 at General Sewer Fee. Original Sheet No. 4 at 20.