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Unopened power plant a monument to waste

Rahway Valley hosts
\$30M boondoggle

By Elliot Caroom
FOR THE STAR-LEDGER

In 2001, it seemed like such a smart idea: The Rahway Valley Sewerage Authority would build a power plant that would help pay for itself by generating electricity from waste methane sewage gas.

Nine years, \$30 million, and numerous setbacks, squabbles and red faces later, the plant stands as one of the most misbegotten civic projects the state has seen — near completion at last, but apparently worthless and unlikely ever to start up.

An outside audit of the project has concluded that it never made much financial sense. In fact, it found the facility located on the banks of the Rahway River, a block from the Woodbridge border, might be useless save for its scrap value.

Mayor Sal Bonaccorso of

is A look at 10 years of
rising sewer bills for RVSA
customers. Page 13

Clark, one of 14 municipalities the authority serves in Union and Middlesex counties, called it a "complete boondoggle."

"They sold the municipalities on the idea this would be a revenue generator," he said. "The job spiraled out of control."

Woodbridge Mayor John E. McCormac, a vocal critic of the authority, said the RVSA's commissioners should be embarrassed. "They've literally cost their residents millions of dollars unnecessarily," he said.

Among so much finger-pointing, everyone seems to find a different culprit. Some mayors blame the sewerage authority. The authority's chairman blames the former executive director, who blames the authority's commissioners. An engineering firm that figured the value of the project years ago suggests blame might be placed on the people who designed the project. Others blame an outside firm that conducted an original feasibility study, and that firm is saying nothing for the moment.

The RVSA and 15 companies involved in the project are entangled in legal proceedings.

The problems all stem from an idea during an expansion project at the Rahway Valley Sewerage Authority.

The state Department of Environmental Protection had taken the RVSA to court in the late 1990s over repeated sewage spills into the Rahway

SEE PLANT, PAGE 8

Plant

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River, which empties into the Arthur Kill and New York Harbor.

"We had a capacity of 40 million gallons a day. In severe weather conditions, we couldn't handle that. Diluted sewage was going directly into the Rahway," recalls Bob Materna, who became the authority's acting director in February.

A judge ordered the authority to clean up its act, and the commissioners began work on a major expansion of their wastewater-treatment plant. As part of the project, the design engineers retained by the authority had to provide a new source of backup power. One of the plant's largest expenses came from buying electricity, so the engineers came up with an unusual proposal: Build a cogeneration facility that would burn methane left over from sewage treatment — supplemented by natural gas — and generate electricity for a fraction of the cost of buying it.

Methane-burning cogeneration plants are not common at sewerage facilities. There are only two in northern New Jersey, in Elizabeth and in Bergen County, according to a DEP spokesman. Feasibility studies done on behalf of the authority claimed the savings would be \$1 million a year in operating costs. Considering the authority's budget would be \$13.6 million a year as late as 2005, the commissioners green-lighted the project.

Sewerage problem solved. It seemed.

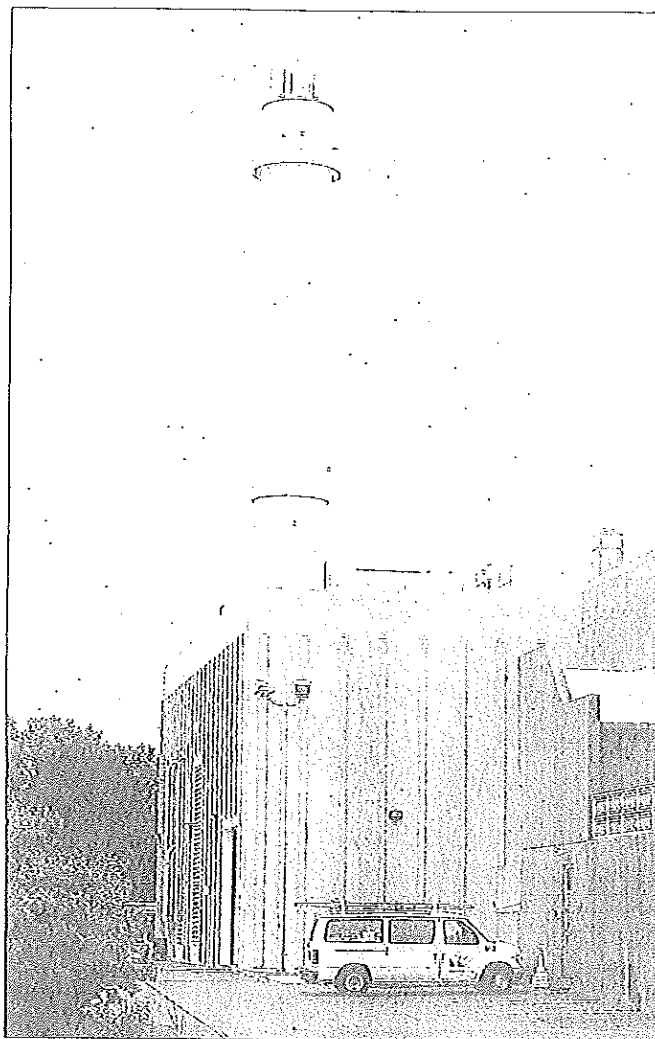
THE EXPLOSIONS

The initial cost for construction, design and contract oversight for the cogeneration plant was set in 2001 at \$14 million, officials said. But over time, as construction and engineering problems mounted, that number more than doubled.

Meanwhile, the cost of the companion project — to increase the treatment plant's capacity to process sewage — soared as court-ordered improvements kicked in. The cost for the entire enterprise, including the cogeneration plant, eventually went from a projected \$70 million to about \$225 million.

Not until 2007 did it become evident that any mistake had been made.

Explosions in Caterpillar generators at the power plant that year caused major damage, putting the project on hold, according to sewerage authority commissioner Allen Chin, who represents Westfield. Unburnt fuel had



ALEXANDRA PAIS FOR THE STAR-LEDGER

Clark Mayor Sal Bonaccorso calls the RVSA's power plant "a complete boondoggle." Woodbridge Mayor John E. McCormac says it cost residents "millions of dollars unnecessarily."

increased the pressure in the exhaust chambers of the engines, which backfired.

On the roof "it actually moved some of the exhaust pipes up," recalled Andrew Sasso, a shift supervisor. "It was loud enough to shake you up a little bit."

The treatment plant ultimately resumed operation with increased capacity. The power plant was another matter.

Though its concerns were growing, the commission still allocated more than \$1 million in funding for supplemental fuel and other expenses to run the power plant, based on the assumption that it would open this year. And as recently as

March, Robert Luban, a Woodbridge councilman who is also chairman of the sewerage authority's commission, was saying the plant would be generating electricity by September, if not sooner.

Then came the final bombshell.

Last year, in the wake of the problems at the cogeneration plant, the commission hired Joseph Cipolla & Co. of Franklin Lakes to perform a cost/benefit analysis.

According to the Cipolla analysis, the initial feasibility studies of the cogeneration project included serious mistakes — including estimates

of fuel costs, manpower costs and the sludge output of the sewerage-treatment plant.

"The individuals that comprised the value engineering team apparently had minimal cogeneration experience," the report said. The team "should have concluded that the proposed cogeneration facility was neither feasible nor advisable from a cost perspective."

Luban blamed the professional staff and former executive director. "The commissioners depend on our professionals to give us the best information possible on behalf of the sewerage authority," he said. "We feel it's a possibility that this was not done,

RIISING SEWER BILLS

Over the last decade, towns served by the Rahway Valley Sewerage Authority have seen their sewer bills rise dramatically as the authority made \$225 million worth of improvements, including a \$30 million cogeneration plant that may not open.

	2000	2010
Clark	\$1,445,192	\$3,302,050
Cranford	\$854,425	\$1,521,847
Cerwood	\$357,822	\$570,333
Kentworth	\$458,955	\$1,240,440
Mountainside	\$792,409	\$976,928
Rahway	\$674,891	\$2,642,359
Roselle Park	\$183,719	\$524,731
Scotch Plains	\$530,714	\$1,545,725
Springfield	\$587,045	\$1,841,633
Westfield	\$966,445	\$3,159,009
Woodbridge	\$2,037,751	\$3,039,032

NOTE: Fenwick, Winfield and Linden pay their sewer bills through Scotch Plains, Clark and Cranford, respectively.

Source: Rahway Valley Sewerage Authority

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for whatever reason, and as a result we again are pursuing legal issues."

Richard Tokarski, who retired as the authority's executive director in 2005, said he had not recommended the project. He said the commissioners, who are appointed to five-year, unpaid terms by the mayors of the member towns, kept doing studies until they saw the savings they were looking for.

"It's their plant, not mine. I got my marching orders," he said. "They saw what the savings could be."

Paulus, Sokolowski & Sartor, one of the two companies that did the original feasibility studies, refused to comment for this story. The other company, Keyspan Business Solutions, could not be located.

One of the engineering firms involved, Hatch Mott MacDonald, said in a statement, "Our role as the value engineer does not assume any responsibility for the design by another engineer or the economics of the facility's final design."

RVSA officials today say the project was simply a victim of changing economics. Materna noted that changing costs of natural gas and grid electricity worsened the prospects for

the cogeneration plant as time went on.

"Circumstances have changed, and we're trying to wrap our arms around the economics," Materna said. "Does it pay to run this facility versus buying electricity from the grid?"

THE \$2 MILLION SOLUTION

The blame-finding in this civic calamity could run through the courts for years.

The dispute started when Caterpillar sued to reclaim diesel generators it had lent to the authority after an initial set of generators broke down during a test run of the new plant.

According to Brian Hak, an attorney for the authority, the RVSA has gone into arbitration proceedings involving at least 15 companies that worked on the project.

Local businesses and residents served by the authority are now stuck with the bill. Last year, the authority's budget jumped 30 percent, which meant corresponding fee increases for more than 300,000 residential and 3,500 industrial and commercial customers in the RVSA's member communities.

The city of Rahway, for example, saw its sewer bill rise by more than 20 percent last year, according to business administrator Peter Pelissier.

Sewer fees for the Crowne Plaza Hotel in Clark climbed to \$164,766 in 2009 from the \$65,033 it was paying the year before.

"We're certainly having a hard time making our payments every month," said manager Dhaval Brahmbhatt. "It's making it tough from a cash-flow standpoint month to month."

For the immediate future, the cogeneration plant remains shut down. In a statement, the authority said that unless the economic viability of the facility can be established, spending more money on it may be unjustified.

Four Winnebago-size Caterpillar generator engines that were to be used for the project sit silent in a cavernous chamber attracting spider webs, a stone's throw from the sewerage authority's sludge pools.

Meanwhile the authority appears to have found a new solution to its backup power requirements. A set of diesel generators with a price tag of \$2 million seems to be meeting the authority's needs just fine.

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