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STATE OF NEW JERSEY
WATERSHED PROPERTY REVIEW BOARD

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CHRISTINE GUHL-SADOVY
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Board of Public Utilities

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Department of Community
Affairs

WATERSHED PROPERTY REVIEW BOARD)	ORDER
REQUEST FOR EXEMPTION BY CO-APPLICANTS:)	GRANTING
TOWNSHIP OF MANALAPAN AND)	EXEMPTION
VEOLIA WATER NEW JERSEY, INC.)	
SALE OF THE TOWNSHIP OF MANALAPAN'S)	
WATER SYSTEM ASSETS)	
TOWNSHIP OF MANALAPAN, MONMOUTH COUNTY)	

(SERVICE LIST ATTACHED)

BY THE WATERSHED PROPERTY REVIEW BOARD:

BACKGROUND/PROCEDURAL HISTORY

On March 18, 2025, the Township of Manalapan ("Township") and Veolia Water New Jersey ("Veolia"), a public utility regulated by the New Jersey Board of Public Utilities ("NJBPU"), (collectively, the "Co-Applicants") filed an application with the Watershed Property Review Board ("Board") for an exemption to the prohibition from conveying watershed property under the Watershed Protection and Moratorium Act, P.L. 1988, c. 163, as amended by P.L. 1990, c. 19 ("Act"). The Township seeks to sell its assets, including certain property containing its water system located in the Township of Manalapan, Monmouth County to Veolia. Without the exemption, conveyance of the property may be prohibited by the Act. This order adopts Board Staff's recommendation to grant the requested exemption in accordance with the conditions outlined below.

The Township encompasses approximately 30.6 square miles and has a population of approximately 40,905 residents, according to the 2020 census. The Township currently owns its own water system (the "System") in the southern portion of the Township. The System, operated by Veolia under a private/public partnership which expires in 2036, serves approximately 18% of the Township's households. The remainder of the Township's residents are served by the Gordons Corner system (an investor-owned utility system) (76% of households) or by private well (five percent of households).

The System consists of three separate public water service areas: the Knob Hill Water System which supplies 2,299 service connections; the Millhurst Water System which provides water to 19 service connections; and the Tracy Station Water System which supplies approximately 256 service connections. The Knob Hill and Tracy Station Water Systems receive water from interconnections with Veolia Matchaponix and the Knob Hill system further contains three groundwater wells, one irrigation well, a water treatment plant and three water storage tanks with a combined storage capacity of 2.75 million gallons.

The Township decided it was in the public interest to privatize the System due to the mounting operation and capital improvement costs, which would create a substantial increase in water rates and create additional debt obligation for the Township. In April 2023, the Township sought public bids for the sale of the System. One bid was received and after review and analysis of the bid, the Township awarded the contract to Veolia, as the highest (and only) responsible bid, subject to the approval of the voters and NJBPU. On November 5, 2024, the Township held a referendum on whether to approve the acquisition of the System by Veolia. The voters approved the proposed sale, and the Township and Veolia entered into an agreement of sale for \$4,000,000 on March 27, 2025. Additionally, Veolia currently has a petition before the NJBPU seeking approval of a municipal consent to operate in the Township.¹

There are three fee parcels included in this sale ("the Properties") which are inventoried in Exhibit 1. In addition to these properties, the Township's utility rights within certain road rights-of-way ("ROWS") and six utility easements ("Easements") across public properties will also be transferred to Veolia. The Properties, ROWs and Easements are located in the Manalapan Brook Watershed and the Lower Raritan, South River and Lawrence Watershed Management Area.

Board Staff conducted a site visit on April 10, 2025. A 30-day written public comment period on the Co-Applicants' application was held from April 7, 2025 through May 6, 2025. Board Staff did not receive any public comment on this application.

¹ I/M/O the Petition of Veolia Water New Jersey, Inc. For the Approval of Municipal Consent to own and operate water system in the Township of Manalapan and Approval of the Issuance Revised Tariff Sheets setting forth Veolia's expanded service Area and Rates related to the transfer of Water Assets from the Township of Manalapan to Veolia Water New Jersey. NJBPU Docket No. WE25030177

DISCUSSION

The Act prohibits any “municipality, municipal utility authority, or public utility” from conveying “any land utilized for the purpose of the protection of a public water supply.” Section 1 of P.L. 1988, c. 163. In other words, the Act places a moratorium on all conveyances of watershed property by these entities. The Act authorizes the Board to grant an exemption from the moratorium under three circumstances. Section 2(a) of P.L. 1988, c. 163. The Board may permit the conveyance of the watershed property if it finds: “(1) that there is a compelling public need for the conveyance of the property, (2) the denial of the exemption would result in extraordinary hardship, or (3) the sale or development of the watershed property is otherwise consistent with the purposes of the act” (which are generally to protect water quality and encourage open space preservation). Any person applying for an exemption must submit to the Board appropriate documentation addressing any potential impacts on watershed buffer areas and must propose mitigation to address those impacts.

The Township is seeking an exemption which will allow it to convey its interest in the Properties, ROWs and Easements to Veolia on the basis that the sale is consistent with the purposes of the Act. Board Staff concurs that the Properties and Easements interests will continue to be subject to the Act since they will be transferred from one regulated entity to another. The sale would further allow Veolia to improve the system through capital investment over the next 10 years.

If in the future Veolia decides to convey any interest in the Properties, ROWs or Easements included in this application to a third party, Veolia has committed to contact the Board for a jurisdictional determination on each property interest proposed for sale.

Based on its review of this matter and the information above, Board Staff believe that the proposed conveyance by the Township to Veolia is consistent with the purposes of the Act, which are to protect water quality and encourage open space preservation. Board Staff has also determined that the Properties, ROWs and Easements will continue to be subject to the Act, and any future conveyance of property interests in the Properties, ROWs and/or Easements would require Board Staff to conduct a detailed jurisdictional determination for each property interest proposed for conveyance and/or an exemption from the Board.

Exhibit 1 identifies the property interests reported to the Board for sale at this time. To the extent that the Township and Veolia identify additional property interests that will transfer to Veolia at closing, Board Staff recommends that the Township and/or Veolia must report these properties to Board Staff within 30 days of closing, via an updated Exhibit 1 inventory. Board Staff recommends including umbrella language in the Board’s Order to include all properties which the Township intends to convey through its sale to Veolia.

In addition, if any additional property interests are located on land subject to NJDEP, Green Acres Program restrictions as set forth in N.J.S.A. 13:8C-1, et seq. and N.J.A.C. 7:36, et seq., as may be amended and supplemented, the Township must also notify the

NJDEP's Office of Transactions and Public Land Administration, Public Land Compliance ("PLC") section regarding the possible transfer of these property interests.

CONCLUSION

Based on the foregoing discussion, the Board **HEREBY FINDS** that conveyance of the Properties, ROWs and Easements by the Township to Veolia is consistent with the purposes of the Act, which includes the protection of water quality and encouragement of open space preservation. The Board **FINDS** that the Properties will continue to be subject to the Act, and any future conveyance of the property interests in the Properties would require the Board Staff to conduct a detailed jurisdictional determination for each property interest proposed for conveyance and/or an exemption from the Board. The Board **HEREBY ORDERS** that any future sale or conveyance of property interests in the Property, ROWs and Easements requires Board Staff to conduct a detailed jurisdiction determination for each property interest proposed for conveyance and/or exemption from the Board.

In addition, the Board **ORDERS** the Co-Applicants to submit an updated inventory of property interests that will be transferred to Veolia as reflected on Exhibit 1 within 30 days of the closing, to the extent any such additional property interests are identified.

After consideration of the entire application, the Board **HEREBY GRANTS** an exemption under the Act from the moratorium of conveying watershed property, limited to the purposes set forth in this application. As stated above, the Board **FINDS** that the proposed conveyance is consistent with the purposes of the Act.

Therefore, the Board **HEREBY ORDERS** that the application for an exemption, pursuant to Section 2(a) of P.L. 1988, c. 163, as amended, shall be and hereby is **APPROVED** subject to the conditions recited above.

This Order addresses consideration of an exemption from the Act and does not relieve the Township or Veolia of any other obligations that may be required pursuant to any statute or regulation. This order is contingent on the co-applicants obtaining approvals pursuant to any other statute or regulation.

This Order confirms the vote on this matter taken at the duly noticed open public meeting of the Watershed Property Review Board on May 20, 2025.

DATED: 5/20/25

WATERSHED PROPERTY REVIEW BOARD

BY:



CHRISTINE GUHL-SADOVY

President

Board of Public Utilities



JUDITH YEANY

Regulatory Officer, Office of Transactions and Public Land Administration

Department of Environmental Protection

Pursuant to delegation order dated February 5, 2024.



DONALD PALOMBI

Chief Regulatory Officer

Department of Community Affairs

Pursuant to delegation order dated March 18, 2024

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TOWNSHIP OF MANALAPAN AND VEOLIA WATER NEW JERSEY, INC.
SALE OF THE TOWNSHIP OF MANALAPAN WATER SYSTEM ASSETS
TOWNSHIP OF MANALAPAN, MONMOUTH COUNTY

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Manalapan Township owned properties to be transferred

<u>Address</u>	<u>Block</u>	<u>Lot</u>	<u>Fee/Easement</u>
Highway 33 (Knob Hill Tank Site)	7200	3.01	Fee
La Valley Drive (Scout Tank Site)	71	9.01	Fee
Lamb Lane (Water Treatment Plant)	78	26.02	Fee
Samaritan Way	57.01	18	Easement
Wood Avenue	47	58	Easement
Emily Road	47	74	Easement
Connor Drive	47	92	Easement
Cannonero Boulevard	66.08	67	Easement
Cannonero Boulevard	66.21	1	Easement