



EGG HARBOR CITY

WATER INFRASTRUCTURE PROTECTION ACT

EGG HARBOR CITY, ATLANTIC COUNTY, NJ

Water Infrastructure Protection Act (WIPA) Sale to New Jersey American Water leads to improved service, environmental compliance, and rate stability for residents.

WATER SYSTEM SALE

The Need: Prior to sale to New Jersey American Water, Egg Harbor City owned its water and wastewater systems, providing service to about 4,200 residents and parts of Galloway and Mullica Townships. The water system included three active wells, a water treatment plant, an elevated storage tank, and a distribution network. The system featured both modern facilities and older infrastructure nearing the end of its useful life, including older galvanized and asbestos water mains.

In 2017-2019, Egg Harbor City evaluated its water and wastewater systems to determine the capital improvements needed over the next 20 years to maintain the systems and the impact those needed improvements would have on the city's finances and the rates charged to residents and businesses. The capital plan identified a need for about \$15 million in capital improvements over the next twenty years.

Egg Harbor City projected that rates would have to increase approximately 150% if it were to implement the recommended improvements. This increase would allow the city to fund the needed improvements, but would still result in the city taking on significant debt, on top of the city's existing \$16 million in utility debt.



The Solution: Egg Harbor City decided to pursue sale of its systems through WIPA – legislation that allows a municipality to sell its water or wastewater assets to a capable private or public entity, without a referendum, if at least one of five Emergent Conditions exists.

In 2019, Egg Harbor City applied to the New Jersey Department of Environmental Protection to pursue sale through WIPA under Emergent Conditions No. 4¹ and 5², and was granted approval under Emergent Condition No. 4. Egg Harbor City began the procurement process to identify qualified utility companies who were interested in acquiring and operating the city's water and wastewater systems.

ABOUT THE WATER & WASTEWATER SYSTEM

About the Water System:

- 37 miles of water main
- 3 groundwater wells
- 1 water treatment plant
- 1 elevated storage tank

About the Wastewater System:

- 23 miles of gravity-flow sewer main, 4 miles of force main
- 9 lift stations
- Treatment by Atlantic County Utilities Authority



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The Results: Egg Harbor City determined New Jersey American Water to be the most qualified respondent and negotiated with New Jersey American Water for the sale of the systems for \$21.8 million.

New Jersey American Water agreed to adopt the city's existing wastewater rates and implement a five percent reduction to the existing water rates. In addition, New Jersey American Water committed to \$14 million in infrastructure investment in the first 10 years of ownership, over \$10 million of which is estimated to be spent in the first five years.

In August 2022, the sale of city's water and wastewater systems to New Jersey American Water was approved by the New Jersey Board of Public Utilities. New Jersey American Water took ownership and began operating the city's systems in June 2023. We were pleased to welcome three former city water utility employees to our local operations team.

As of December 2024, over \$5.3 million in capital investments have been made to the water and wastewater systems.

Capital Investments

Some projects completed or underway to increase safety, reliability, and compliance of the systems include:

- Water Treatment Plant**
 Conversion from gas chlorine to liquid sodium hypochlorite (NaOCl) for safety. SCADA system upgrades and integration. Physical and cyber security upgrades for assets. Process equipment and plant facility upgrades. Arc Flash Hazard analysis. Well house upgrades to roof and floors. Tank rehabilitation and well improvements.
- Distribution System**
 Over \$1.48 million invested in replacement of water mains. Over \$580,000 invested in service laterals. Over \$200,000 invested in hydrants, valves, and manholes. Project underway for an interconnection from Egg Harbor City to Galloway for emergencies and redundancy.
- Sewer System**
 Over \$600,000 invested in sewer mains, service laterals, hydrants, valves, and manholes. SCADA upgrades at each lift station totaling over \$200,000. Vactor storage garage facility. Manhole system surveys. Video evaluations of sewer main conditions.

BOTTOM LINE

The sale of the water and sewer systems to New Jersey American Water resulted in much needed capital investments to upgrade the aging infrastructure. With the ability to finance necessary capital investments in the most cost effective manner, New Jersey American Water was able to make necessary improvements to the systems without significant impact to customer rates.

ABOUT THE WATER INFRASTRUCTURE PROTECTION ACT (WIPA)

In 2015, the New Jersey Legislature enacted WIPA, which allows certain municipalities to sell or long-term-lease their water systems without a referendum if certain emergent conditions exist. WIPA identifies five emergent conditions of which at least one must be met for a municipality to qualify for the WIPA process.

ABOUT NEW JERSEY AMERICAN WATER

New Jersey American Water, a subsidiary of American Water (NYSE: AWK), is the largest investor-owned water utility in the state, providing high-quality and reliable water and/or wastewater services to approximately 2.9 million people.

Our team of professionals provides safe, affordable and reliable service to our customers to keep their lives flowing.

Learn more online at newjerseyamwater.com.



¹ Emergent Condition #4 – there is a demonstrated lack of historical investment, repair, or sustainable maintenance as determined by the Department, or material damage to the infrastructure of the system.

² Emergent Conditions #5 – the system owner lacks the financial, technical, or managerial capacity to adequately address any of the foregoing on a sustainable basis or own and operate the system in a way that supports economic activity in the municipality on a sustainable basis. For more information on Emergency Conditions, visit <https://www.nj.gov/dep/wipa/general.html>.

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