



# SALEM CITY

## WATER & WASTEWATER SYSTEM SALE

### CITY OF SALEM, NJ

Water and wastewater system sale to New Jersey American Water leads to improved service, environmental compliance, and rate stability for residents.

### WATER SYSTEM SALE

**The Need:** In 2023, the City of Salem, NJ, sought to sell its water and wastewater systems, including treatment plants, through the Water Infrastructure Protection Act (WIPA) procurement method. This decision was driven by water quality violations, significant capital needs, aging infrastructure, and lack of funding.

The mayor stated that the water system was operating on a \$1 million deficit annually. Some of the water system's infrastructure dated back to the 1800s, and most of the wastewater treatment plant's major components were 40 years old. The city's engineering reports recommended an overhaul of both the water and wastewater systems to bring them to modern-day standards.



The rate analysis recommended an immediate 68% increase to current rates to fund the necessary improvements if the city did not sell the systems. After residents petitioned the city to hold a referendum in lieu of WIPA proceedings, the city chose to pursue the traditional referendum sale path.

### ABOUT THE WATER & WASTEWATER SYSTEM

#### About the Water System:

- Serves a population of 5,000
- 21 miles of water main
- 1 water treatment plant
- 4 water wells
- 1 Elevated water storage tank
- 1 standpipe

#### About the Wastewater System:

- 17 miles of sewer main
- 1 wastewater treatment plant
- 3 lift stations

“Selling the systems to New Jersey American Water allows the city's water and sewer utilities to be handled by professional experts, keeping these critical services safe and affordable for our residents. The sale will also eliminate \$11 million in utility debt and pay off a portion of the municipal debt, as well as enable us to put over \$1 million back into the city budget annually. I am thankful to our residents for recognizing the importance and the value of this agreement and for voting yes to securing better water and sewer services for our city.”

**Jody Veler, Mayor, Salem City**



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## ABOUT THE WATER INFRASTRUCTURE PROTECTION ACT (WIPA)

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.

**The Solution:** New Jersey American Water was selected as the winning bidder during a competitive bidding process. New Jersey American Water's bid included a total investment of \$68 million, which included an \$18 million purchase price and a commitment of \$50 million in capital investments in the first ten years, while keeping rates stable for residents. New Jersey American Water's biggest priority was to address PFNA in the city's water system within the first 18 months of operation by designing and implementing a permanent PFNA filtration system.

**The Results:** City residents voted 60% in favor of the sale and the acquisition closed in June 2024. The proceeds of the sale were used to retire the city's \$11 million of debt. New Jersey American Water also welcomed five former city water/sewer utility employees to our Operations team. New Jersey American Water proudly partners with the City of Salem, sponsoring and attending local community programs and events. City residents are eligible for New Jersey American Water's H2O Help to Others Program™, a low-income assistance program that provides bill-paying assistance and grants toward utility bills for qualified customers.

### Capital Investments

Since taking ownership of the system in June 2024, New Jersey American Water has invested over \$1 million into the Salem water system and \$2.5 million in the wastewater system. We plan to invest an estimated \$48.8 million into the systems in the first 5 years of ownership. Below are some improvements planned or underway to increase safety, reliability, and compliance of both systems.

### Water System

- Construction of permanent treatment to address the presence of PFNA in the water supply.
- Replacing all lead utility and service lines in the water system.
- Redevelopment of well #6 and #7, and design, permit, and construction of additional treatment for well #9 iron removal.
- Repairing significant damage to the Elkington Dam.
- Develop and implement a meter change program.

### Sewer System

- Upgrade and repair of the wastewater treatment plant.
- Evaluating the condition of the collection system with an Inflow and Infiltration Study.
- Safety improvements at lift stations.
- Installing Smart Covers throughout the sewer collection system.

**Community Involvement:** New Jersey American Water is a proud partner in the Salem community. We have contributed over \$1.4 million to Salem organizations through charitable giving and sponsorships, including:

- Neighborhood Revitalization Tax Credit program: We contributed \$702,500 to Stand Up for Salem in 2024 and \$678,750 in 2025. This organization helps fund local projects like workforce development and home repair assistance for low-income homeowners.
- Other contributions went to the Public Library, Salem County Chamber of Commerce, local daycares, and churches.
- New Jersey American Water's Salem team members participated in local events, including volunteering at the food pantry, donating clothing, home goods, and food to local organizations, as well as participating in holiday adopt-a-family initiatives and the Salem Holiday Parade.

The American Water Charitable Foundation also awarded a \$25,000 Workforce Readiness grant to the Salem County Inter-Agency Council of Human Services.



## 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](https://www.newjerseyamwater.com).**

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