



NEW JERSEY
AMERICAN WATER

WE KEEP LIFE FLOWING®

SOLUTIONS THAT WORK

The sale of Haddonfield's water and wastewater system to New Jersey American Water benefited customers and the community by delivering better service quality, improved system reliability and lower rates in the long-term.



Haddonfield Water Treatment Plant

ADDRESSING HADDONFIELD'S NEEDS

SOLUTION: SALE OF WATER AND WASTEWATER SYSTEM

HISTORY OF INVESTMENT

The Haddonfield Water and Sewer Utility is a 129-year old Borough-owned system. All funds for the operation, maintenance and capital investment of the system were raised through the quarterly water/sewer bill paid by Haddonfield residents. No property tax dollars are used. Prior to 2003, the Borough invested very little in the system, and that lack of investment kept rates artificially low. Between 2003 and 2008, the Borough spent \$15.983 million on high priority projects.

ADDRESSING SYSTEM NEEDS: A LOOK TOWARD THE FUTURE

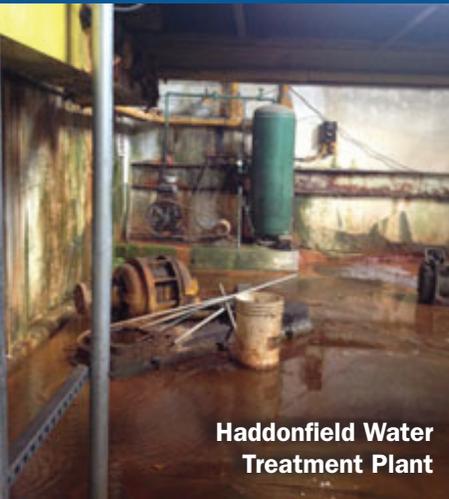
In 2013, the Borough formed a volunteer Community Advisory Committee to take an independent look at the systems. The Committee recommended a rate increase of 25 percent to cover the debt service on the capital already spent. The Commissioners agreed, and the rate increase took effect during the second half of 2014.

The Borough engaged its engineering firm to provide a detailed analysis of the current condition of the water and wastewater systems, and estimate the cost of bringing the systems up to standard. The engineering report estimated that the Borough's systems would need an estimated \$50 million over the next 30 years, heavily front loaded in the first 10 years to avoid a major failure. This estimate assumed operations with no major issues identified, and included only a 5 percent contingency, which the Committee felt was low.

OPTIONS EVALUATED

The Committee evaluated multiple options for fixing and managing the systems, including:

- Conducting a survey of existing personnel for resource optimization and efficiency
- Partnering with a neighboring utility for purchasing power and possible shared staffing
- Awarding a management contract for system operations
- Leasing the utility
- Selling the utility



Haddonfield Water Treatment Plant

FOR MORE INFORMATION

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Haddonfield Water Tank

HADDONFIELD WATER SYSTEM

Customers Served: 4,645

Water Main: Approximately 51 miles, ranging in size from 4-inch to 16-inch, ranging in age from 1889 to present

System Needs - Mains: The NJ Department of Environmental Protection requires that nearly two miles of 4-inch water mains be replaced and increased in size. In addition, according to an outside engineering study conducted on the system, about 60 percent of the mains (30.6 miles) need to be replaced within the next 30 years.

System Needs - Wells: The Borough's three wells were last serviced in 2008. Two are due for significant overhauls.

Water Treatment: Treatment was provided by two plants (one abandoned), where iron is removed and disinfection is accomplished with chlorine gas.

Water Tank: Pressure to the system is provided by a 400,000-gallon standpipe, which was built in 1899.



Wastewater Manhole Next to Cooper River

Wastewater Pump Station

HADDONFIELD SEWER SYSTEM

Sewer Main: 55.5 miles of main collect and convey waste to the Camden County Municipal Utility Authority for treatment. The system is mainly old 8-inch terra cotta, suffering from cracking, settling, joint separation and tree root infiltration.

System Needs - Mains: Engineering studies indicated that 40 percent of the lines require action within the next five years; 40 percent in 10 to 15 years, and the remaining 20 percent in 15 to 30 years.

Pumping/Lift Stations: Six lift (pumping) stations. Two are in good operating order; four need to be replaced or significantly renovated.

BEST OPTION IDENTIFIED

Given the condition of the system, and the impact of the necessary capital investment on only 4,645 accounts, the Committee and the Commissioners unanimously agreed that the best option was a sale of the utility. The Borough issued a bid to sell the systems and received three qualified bids. New Jersey American Water's bid of \$28.5 million was deemed the winning bid.

According to the Commissioners, additional reasons supporting a sale to New Jersey American Water included:

- Record of being effective stewards of our systems.
- Ability to spread costs over large rate base.
- Significant expertise in managing and operating water and sewer systems, with greater economies of scale that provide much greater levels of efficiency and lower costs for purchasing, engineering and constructing projects.
- Access to a large annual capital improvement budget.
- Water quality experts with the ability to respond quickly and effectively to changes in regulatory requirements.
- Rates and customer service standards regulated by the New Jersey Board of Public Utilities.

PROJECTED ANNUAL WATER BILLS

(Based on an average household use of 58,000 gallons/year)

Original chart created by and based on analysis by the Borough of Haddonfield.



RESIDENTS AGREED

The Commissioners passed an ordinance to place the sale of the water and wastewater systems to New Jersey American Water as a referendum question on the November 4 general election ballot. Haddonfield voters approved the sale by nearly a two to one margin.

Visit newjerseyamwater.com to learn more.

**SOLUTIONS. ONE MORE WAY
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