

# CITY OF CAMDEN WATER AND SEWER OPERATIONS CONTRACT AMENDMENT SEPTEMBER 7, 2018

## City of Camden



BUCHART HORN  
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# Agenda

- Brief Overview of Contract and Amendment Process to date
- Explanation of Amendments
- Summary of Benefits Amendment
- Overview Benefits Realized to date
- Cost Comparison
- Next Steps / Schedule

# Procurement Process To Date

RFQ/RFP Process	January – March 2015
Receipt of Proposals	March 31, 2015
Selection of American Water for Negotiations	April 21, 2015
Received Agency Approvals and executed Services Contract	January 19, 2016
Negotiation of Amendment	Late 2017 to June 2018
Board of Public Utilities Approval of Amendment	Anticipated October 2018
Local Finance Board Approval	Anticipated October 2018

# Explanation of Amendments

- The Amendments Predominantly fall into several categories
  - Clarifications of Existing Language;
  - Administrative Changes / Corrections;
  - Additional Scope Associated with New Legal Requirements;
  - Increased Protection of City's Interests; and
  - Contract Adjustment Based Upon Existing Contract Language / Processes

# Examples of Amendments

- Administrative changes to address issues such as Operator's name change;
- Increased Regulatory requirements requiring minor expansion of the scope of work;
- Inclusion of specific dates for certain deliverables to be provided by the Operator; and
- Adjustments to the frequency of certain activities such as sewer cleaning to more accurately reflect the conditions discovered in the first two Contract Years by the Operator

# Summary of Benefits of Amendments

- Reflects Clear and Open Communication between Contract Partners;
- More Accurately Reflects Existing Conditions;
- Incorporates System Knowledge Gained in CY#1 & 2
- Provides More Detailed Cost Control and Procedures
- Allows the City to Adjust Expenditures to Address Needs for Both One Time and Recurrent Needs;
- Revises Deliverable Report Due Dates for More Effective Timing and Utilization of Data

# Overview of Benefits Realized to Date

- Reduced annual expenditures compared to previous contract.
- Major reduction of street flooding events in the vicinity of the Arch St. Pump Station, a high profile River Front area.
- CCTV/cleaning efforts focused on heavily used areas along River Front, Downtown and other areas with known flooding issues.
- Documentation of emergency repairs for City to seek cost reimbursement from parties responsible for system damage.
- Improved coordination for emergency response actions.
- Adjusted rolling stock replacements to improve operations.
- Adjusted Start-up Service to reduce overall expenditures and acquire equipment for leak detection and valve exercising.

# Overview of Benefits

## Realized to Date Continued

- Adjusted water treatment plant operations and water storage procedures. Returning Parkside plant to year round service, system performance and reliability increased with added taste improvements by adjusting City wide chlorination approach. Permits more flexibility for WTPs for maintenance needs.
- Improved water loss program by identifying large water losses from potable leaks flowing into adjacent sewers.
- Improved water audit data by quantifying fire uses, metering performance and billing discrepancies to further enhance water loss program.
- Improved cost reporting enables City to proactively address and plan for both capital and maintenance expenditures.



# Cost Comparison

- Original Annual Service Fee of \$11,250,797 consisted of:
  - the Fixed Management Fee of \$6,494,748;
  - the Maintenance Repair and Replacement Allocation of \$3,825,628; and
  - the Utility Allocation of \$930,421
- Amendment No. 1 Annual Service Fee of \$12,330,769 consists of:
  - the Fixed Management Fee at \$6,784,720;
  - the Maintenance Repair and Replacement Allocation of \$4,497,449; and
  - the Utility Allocation of \$1,048,600

# Cost Comparison Continued

- Amendment No. 1 increases the Annual Service Fee by 9.6% (average annual - 4.8%)
- Increase mainly attributable to MR&R and Utility Allocation Funds – both of which are controlled by the City and are utilized to address direct pass-through costs incurred by the Operator.
- Operator Fixed Management Fee only increases by 4.46% (average annual 2.23%) to address a CPI increase built into the Original Agreement and a recent regulatory change imposed on water system owners.

# Next Steps / Schedule

Amendment Approval Process	
Receive BPU Approval	September 10, 2018
Public Comment Process	September 14, 2018
Submit Supplement to Local Finance Board Application	by September 19, 2018
Local Finance Board meeting	October 10, 2018
City to Pass Ordinance Authorizing Amendment	November 13, 2018
Execution of Amendment	November 14, 2018

# Questions

- Written Questions and Comments can be submitted to [Rscerbo@decotiislaw.com](mailto:Rscerbo@decotiislaw.com) on or before September 14, 2018.