

# Frequently Asked Questions

## Amendment No. 2 and Extension to the Services Agreement for the Operation, Management, Maintenance and Repair of the City of Camden's Water Supply and Sewer Collection Systems

1. Why does the City of Camden have a Services Agreement with American Water Operations & Maintenance LLC for the operation and maintenance of the City's water and wastewater systems?

The City of Camden while under State oversight in 1998 was directed to procure a firm to operate and maintain the City's water and sewer systems in 1998. Since 1998 the City has not had an in-house water or sewer department, but rather relies on the services provided by a private operator. In 2016, the City conducted a public procurement and retained American Water Contract Operations as the City's new private operator service provider and have been working together since that time.

2. Who is American Water Contract Operations?

- American Water Contract Operations is a private water and sewer operations company that provides utility operations to governmentally owned water and sewer systems.
- The company has only major governmental contract in New Jersey which is with the City of Camden
- The company has been under contract with the City since 2016
- The company provides water services to the area of the City south and east of the Cooper River (roughly 2/3 of the City)
- The company's parent company is American Water

3. Why is the City proposing to amend its Service Agreement with American Water Contract Operations?

The contract requires amendments to address changed conditions that have resulted from new regulatory requirements. Since 2016, the New Jersey Legislature and the New Jersey Department of Environmental Protection has developed and imposed new regulatory and statutory requirements associated with the operation and maintenance of the City's water and sewer systems and a prior contractual amendment was approved by the City in 2019. As a result of these new requirements, it is necessary to modify the existing contract between the City and American Water Contract Operation to reflect the current service requirements. The amended contract (if approved and executed):

- Provides for 120 hours annually of engineering support services;
- Provides for 80 hours of OPRA responses support services;
- Additional software & equipment needed to track and report on Annual Water Losses;
- Additional sampling requirements;
- Increased valve maintenance and mapping;
- Development of an Asset Management Plan;

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- Updated performance standards for billing and customer service;
- Increased operation and maintenance requirements generated by new treatment technology; and
- Seven additional full-time staff positions (as of 2.1.23 to accomplish above).
- Update to Maintenance Repair and Renewal and Utility Budgets (City controlled accounts)

In addition, the City in proposing to exercise its option to extend the Services Agreement with American Water Contract Operations from 10 years to 15 years.

4. What will American Water Contract Operations charge the City for the increased scope of services included in the proposed Service Agreement Amendment?

The proposed Services Contract Amendment reflects an increase in the Annual Fixed Fee of \$1.466 Million to account for the increased scope of work described in Question 3 above.

5. Does the Service Agreement Amendment require the City to increase water and sewer rates?

The Service Agreement Amendment does not specifically require the City to increase sewer or water rates. However, the City has tremendous financial needs related to water and sewer system capital improvements, as the City continues to evaluate these needs it will be required to examine water and sewer rates and determine if same are appropriate or if they require revision. Any revisions to City water and sewer rates will be subject to a separate public process. It is noted that the City has maintained the same rate structure without any increase since 2013.

6. Does this Service Agreement Amendment require the City to sell or privatize its water and sewer utility systems?

No, American Water Contract Operations serves as the City's "department" that runs the utility systems. The City still owns these systems and nothing in the Service Agreement Amendment contemplates or requires a sale of the systems. This is merely a contract amendment to perform services related to the City's systems as more further specified in Question #3. The City will still own the water and sewer systems.