



Solutions for Salem

Transforming Salem's Water and Wastewater Systems: A Private Provider Success Story

The Challenge

In 2023, the City of Salem, New Jersey confronted escalating challenges with its aging water and wastewater infrastructure. Portions of the water system dated back to the 1800s, and the city was grappling with water quality violations, deteriorating pipes, outdated treatment facilities and limited financial resources. The wastewater treatment plant's core equipment was over 40 years old, and the city was operating the water system at an annual deficit of \$1 million.

One of the utility's top priorities was addressing the presence of PFNA or perfluorononanoic acid in the city's water supply. The city's engineering assessments recommended a full overhaul to bring the systems up to modern standards. However, without external investment, a rate analysis projected a 68% increase in water bills to fund the necessary improvements.

The Solution

Following a competitive bidding process, New Jersey American Water, a private water and wastewater provider, was selected to acquire and operate Salem's systems. Following a public referendum, City residents voted in favor of the sale and the acquisition closed in June 2024.

New Jersey American Water committed to:

- An \$18 million purchase price
- A \$50 million in capital investments over the first 10 years
- A pledge to maintain stable rates for residents

Within the first 18 months, the company committed to designing and implementing a permanent filtration system to eliminate PFNA contamination. New Jersey American Water also welcomed five former city water/sewer utility employees to the local operations team.

Long-Term Infrastructure Investments

Since taking ownership, New Jersey American Water has invested:

- \$1 million into the water system
- \$2.5 million into the wastewater system
- An estimated \$48.8 million planned over the first five years

Water system upgrades:

- Permanent PFNA treatment installation
- Replacement of all lead service lines
- Redevelopment of wells #6 and #7
- Iron removal treatment for well #9
- Rehabilitation to local dam and reservoir
- Implementation of a meter replacement program

Wastewater system improvements:

- Upgrades to the treatment plant
- Inflow and infiltration study of the collection system
- Safety enhancements at lift stations
- Installation of Smart Covers across the sewer network



Benefits to the City of Salem

- Retired \$11 million in city debt
- Maintained stable rates and offered low-income assistance programs
- Launched effort to treat and remove PFAS contamination
- Committed to investing \$50 million in the first 10 years