

**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
by and between
American Water Operations and Maintenance, LLC and the City of Camden**

This Amendment No. 2 and Extension (referenced hereinafter as “Amendment No.2”) dated _____, 2022 amends the Services Agreement for the Operation, Management, Maintenance and Repair of the City of Camden’s Water Supply and Sewer Collection Systems dated as of January 19, 2016, by and between the City of Camden (the “City”) and American Water Operations and Maintenance, LLC (the “Operator”), as amended by Amendment No. 1, dated January 1, 2019 (collectively referred to herein as the “Agreement”), and is made by and between the City with offices located at City Hall, 520 Market Street, Camden, New Jersey 08102, and Operator with offices located at 1 Water Street, Camden, New Jersey 08102. The City and the Operator may hereinafter be referenced to collectively as the “Parties” and individually as a “Party”. All capitalized terms used in this Amendment No. 2 that are not otherwise defined in this Amendment No.2 will have the definitions given to them in the Agreement.

WHEREAS, Article II, Section 3.1 of the Agreement allows the Parties to amend and extend the the Agreement; and

WHEREAS, the Parties desire to amend the Agreement to clarify and adjust certain services to be provided by the Operator under the Agreement and extend the Term of the Agreement; and

WHEREAS, all Appendeces, and Exhibits attached to this Amendment No.2, including those from the Agreement that are modified by this Amendment No. 2, are incorporated herein and made a part hereof; and

WHEREAS, this Amendment No.2 shall become effective upon the execution of same by both Parties and such date shall be referred to as the Effective Date; and

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

A. Article I—Section 1.1 - Definitions

The following new definitions are added to section 1.1:

“Nonrevenue Water” or “NRW” – means the difference between the volume of water delivered to the Water System and the sum of: i) the volume of water metered and billed; ii) the volume of water billed but not metered; iii) the volume of water metered to City facilities set forth in Schedule 14, which are unbilled; and iv) the volume of water authorized but not metered or billed for various maintenance and safety uses, including but not limited to water used for sewer cleaning, hydrant flushing and firefighting.

“Service Order” – means an order for work or inquiry follow-up at a customer’s location and issued from the customer information system database, Utility Management Billing System (“UMBS”).

“Work Order” – means an order for work on the City-owned Systems that is issued from the City’s Hyperweb computerized maintenance management system (“CMMS”).

B. Article III – Section 3.1 - Term

Pursuant to Section 3.1(b) of the Agreement, the Parties agree to extend the Agreement Term from 10 years to 15 years.

C. Multiple Articles and Sections – Outstanding Deliverables

The Operator is required to provide numerous deliverables under the terms and conditions of the Agreement. Multiple deliverables that were not delivered on their original due date are technically past due. Both Parties agree that the accuracy of the deliverable is more important than schedule. While largely completed, the mandated annual updates were not always met due to the short interim time frame between actual completion and next scheduled updates. As a result, the Parties wish to the agree to the following recovery schedule:

Camden - AW Contract Amendment No 2 -

Contract/ Schedule Section	Contract Schedule	Contract Deliverable	Additional Description	Recovery Date
6.3(b)	NA	O&M Plans	Annual Update (To include upgrades from ongoing CIP)	To be completed by 12/31/22
4.1	2	O&M Plans	Hard copies due - DELAYED FROM ORIGINAL SUBMITTAL)	To be completed and printed after the MD PFAS treatment is completed
6.7	10	Asset Inventory	Annual Update – Delayed with CIP programs	Completed by 6/30/22
Sch. 2 5.10	2	Asset Management Plan	Ensure Plan includes sewer systems	11/1/22
Sch.2 5.8	2	Equipment Report	Electronic records with annual report	To be completed by 8/31/22

D. Multiple Articles and Sections – Consolidation of Deliverables

The Parties agree that: i) the following deliverables were originally required by the Agreement ii) these deliverables should be consolidated because they overlap and could be considered redundant; and iii) the due dates for all such deliverables are revised as follows:

Camden - AW Contract Amendment No 2 -

Proposed Category	Contract Article / Section	Contract Schedule /Section	Contract Deliverable	New Annual Due Date
O&M Plans	VI / 6.2d	2 / 4.1	O&M Plans	3/1
	VI / 6.3b	2 / 4.1	O&M Plans	
	VI / 6.20	2 / 3.7	Overflow Response Plan	
	VI / 6.20	2 / 3.8	Wet Weather Standard Operating Plan	
	VI / 6.20	2 / 4.1	O&M Plans	
	VI / 6.27	2 / 1.13	Facility Security	
	VI / 6.15b	2 / 4.7	Valve Exercising Program	
	VI	2 / 5.12	Annual O&M Report	
	VI / 6.24	N/A	COOP	3/1

Asset Management	VI / 6.7	10	Asset Inventory	2/1
	VI / 6.3	2 / 5.8	Equipment Report	
	VI / 6.7	2 / 5.10	Asset Management Plan	

Water Loss Program	VI / .6.15k	2 / 2.15	Annual Water Loss & Conservation Plan	6/1
	VI / 6.15k	2 / 2.16	Leak Detection Program	

Financial Data

MR&R, Utility, Reserve Allocations	VI / 6.2	N/A	MR&R, Utilities	10/1
	(d)		Reserves	10/1
Customer Service	VIII / 8.7	N/A	Customer Listing & Review Meeting	4/1
Capital Improvements	VII / 7.2	2 / 1.9 and 2 / 5.9	Capital Improvements Plan	4/1

E. Article VI, Section 6.1--General

Paragraph (f) is deleted in its entirety.

F. Article VI, Section 6.24

New paragraphs (g) and (h) are - added to Section 6.24:

(g) Operator shall provide the City with a staffing plan that clearly explains how the Operator will, when necessary, transition key positions, including the Project Manager, Treatment Plant Licensed Operator and Collection and Distribution Systems Licensed Operators, due to retirements, terminations or transfers. Such plan will be provided within two weeks of any projected employee transition if such time is allowed by the specific circumstances. The plan will be updated by the Operator bi-weekly and provided to the City until such transition is completed. Updates will be provided to the City via email mid-month, and Operator will update the City in the monthly progress report.

(h) Operator shall provide a continuity of operations plan (“COOP”) in accordance with guidelines provided by FEMA, the State of New Jersey and Camden County to ensure that the Operator maintains adequate staff to sustain critical and life sustaining water and sewer services for the City. The COOP and the Operator’s emergency response plan shall be reviewed and updated by March 1 of each Contract Year by Operator, concurrent with all O&M manual and procedure updates.

G. Article VI, Section 6.25

Section 6.25 is amended by adding the following to the end of the Section:

In the event that there is an extended vacancy in any of the positions noted in the approved staffing plan that require New Jersey state licenses, the Operator will provide notice to the City if the position has been vacant more than forty-five (45) days. At such time, the Operator will provide the City with a detailed plan regarding how it intends to fill vacant licensed positions. Failure of the Operator to fill positions in the approved staffing plan within 120 days of the first date of vacancy will entitle the City to a reduction in the Operator's Fixed Management Fee for an agreed upon period to be negotiated commensurate with the specific circumstances. In no case will the reduction in the Fixed Management Fee be more than 100% of the prorated cost of the position during the period of the vacancy. For the avoidance of all doubt, the City shall be entitled to reduce the Fixed Management Fee even if NJDEP has approved the Operator's usage of a lower-level licensed employee to fill a vacant higher-licensed position.

H. Article VIII, Section 8.5 – Establishment and Collection of Rates, Fees and Charges

Subsection (a) is amended by adding the following language to the end of the subsection:

Operator agrees to assist the City and its hired professionals in evaluating any rate study which the City independently commissions. The Operator shall provide available data and information as requested by the City or its hired professionals to complete a rate study, to the extent that Operator has access to such information. The Operator, if requested by the City, and to the extent it deems itself qualified to do so, will within thirty (30) days of receipt by Operator, provide comments to and recommendations concerning any draft rate study or related document provided to Operator by the City. The City shall retain sole responsibility for establishing and enforcing all rates and changes thereto.

I. Article VIII, Section 8.7 – Billing and Collections

- i. **New Subsection (h) – Subcontractor Services** – A new subsection (h) is added to section 8.7 as follows:

(h) When Operator elects to materially change the Billing and Collection Services, Operator shall provide the City with a plan to address Operator's decision regarding how it will provide Billing and Collection Services, including the role of any subcontractor(s). Operator shall, prior to replacing the subcontractor: i) submit background information and credentials of the replacement subcontractor to the City for review; and ii) facilitate a meeting between the City and the replacement subcontractor, including addressment of all transitional items and preservation of billing records and files. All Billing and Collection Services shall be provided to the City in conformance with this new Section 8.7 and **Schedule 2**.

ii. **New Subsection (i) – Recovery of Past Due Accounts/ Identification of Unbilled Accounts** – A new subsection (i) is added to section 8.7 as follows:

The City is aware that there are multiple past due accounts for both the Sewer Collection System and the Water Supply System and accounts for both of the Systems that are unbilled. The Operator agrees to work with the City to identify all such accounts as required by Amendment No.1 revision to **Schedule 2**, Section 2.15, and shall provide the City with an updated list of said accounts on a quarterly basis. Operator shall prepare appropriate correspondence to customers for bringing these accounts current, including identifying City approved payment plans and provide a quarterly update concerning its efforts in this regard. Two (2) times per calendar year, the City and the Operator shall meet to review the Operator's quarterly updates.

Operator shall continue to monitor the Systems to determine if there are unbilled connections to the City.

iii. **New Subsection (j) – Accounting and Reporting** – A new subsection (j) is added to section 8.7 as follows:

(j) Accounting and Reporting. The Operator agrees to provide daily reporting data to the City on payments applied in the following four (4) distinct categories: water, water interest, sewer, and sewer interest.

iv. **New Subsection (k) – Notices for Customer Bankruptcy** – A new subsection (k) is added to section 8.7 as follows:

(k) Notices for Customer Bankruptcy. The Operator shall ensure that all utility bills include clear information requiring that the City be contacted in the event that a customer enters into a bankruptcy or similar proceeding. The City contact information to be included shall be as follows:

Bankruptcy Notices should be sent to:

City of Camden Water & Sewer

c/o City of Camden Office of Revenue Collection

City Hall Room 117

P.O. Box 95120

Camden, NJ 08101-5120

Further, in the event that the Operator, or its billing and collections subcontractor, should receive notice concerning any customer bankruptcy or similar proceeding, the Operator shall, or shall require its billing and collections subcontractor to, provide said notice to the City at the above referenced address within five (5) business days of receiving such notice along with the amount of the customer account balance due and owing on the date the bankruptcy was filed for by the customer.

J. Article VIII, Section 8.7.2 – Collection Office

Section 8.7.2 (Collection Office) is deleted in its entirety and is replaced with the following:

The Operator shall provide, within the geographical limits of the City, a centrally located collection office (such as a bank) where customers of the Systems may pay their bills Monday through Friday between 9:00 a.m. and 12:00 p.m.. The Operator shall also provide a "drop box" for customer use to be located in the City Hall; however, the Operator shall not be obligated to accept cash payments at the "drop box" located in City Hall.

K. Article X – Miscellaneous

i. Section 10.8—Notices.

The notice information for the Operator is hereby revised as follows:

American Water Operations and Maintenance, LLC

1 Water Street

Camden, NJ 08102

Attn: President of CSG

With a copy to:

American Water Enterprises, LLC

1 Water Street

Camden, NJ 08102

Attn: CSG Corporate Counsel

- ii. **Section 10.16—Unforeseen Events.** Section 10.16 of Article X is amended by replacing all references to “Section 2.3” with “Section 10.24”.
- iii. **New Subsection 10.27 – Capital Improvements Related to PFAS Treatment and Lead Service Line Replacements** – A new subsection 10.27 is added to Article X as follows:

The New Jersey Department of Environmental Protection (“NJDEP”) recently set health based maximum contaminant levels (“MCL”) for several per- and polyfluoroalkyl substances (PFNA, PFOA and PFOS, which are hereinafter collectively referred to as “PFAS”) compounds. In addition, the State of New Jersey recently enacted N.J.A.C. 58:12A-40 et. seq. which mandates the replacement of lead service lines within a ten year period (the NJDEP MCLs and N.J.A.C. 58:12A-40 et. seq. may hereinafter be referred

to as the “New Laws”). Both New Laws direct the City to address public health threats. In order to comply with these New Laws, additional Capital Improvements need to be undertaken. The City and Operator acknowledge and agree that: i) Capital Improvements to the Morris Delair and Parkside treatment plants related to PFAS treatment have been (and in the future may be) assigned to Operator via one or more change orders to the Agreement; ii) work related to lead service line replacement may be assigned to Operator via one or more change orders to the Agreement; and iii) Operator is not obligated to perform any work related to the New Laws until one or more change orders is executed for the performance of the Capital Improvements and is funded by the City, all as authorized pursuant to Section 7.3 of the Service Agreement and subject to the requirements of N.J.S.A. 58:26-25(b).

L. Schedule 2 – Scope of Services

i. Table B – Revised Maintenance, Repair & Replacement Allocation –

Table B—Maintenance Repair & Replacement Allocation contained in the Agreement is deleted in its entirety and is replaced with the table set forth in Exhibit 1 of this Amendment No.2, which is attached hereto and incorporated herein in its entirety.

ii. Table C—Annual Utility Allocation –

Table C—Annual Utility Allocation contained in the Agreement is deleted in its entirety and is replaced with the table set forth in Exhibit 2 of this Amendment No.2, which is attached hereto and incorporated herein in its entirety.

iii. Section 1.8 Utilities –

Schedule 2, Section 1.8 is amended by adding the following language to the end of the Section:

The Operator and the City may mutually agree during the Term to prepare an investment grade energy audit (“IGEA”) for all of the City’s Systems and related facilities with the assistance of a third party specializing in such services. The cost of said services

shall be discussed in advance with the City and agreed upon between the Parties. The cost for the IGEA shall be the responsibility of the City. Upon completion of the IGEA, and with the assistance of the third party retained by Operator, the Operator shall present to the City an energy savings plan outlining a self-funding energy savings capital improvement program for the Systems and their related facilities whereby the anticipated operating costs savings derived from the installation of new capital improvements can be utilized to fund the cost of said improvements within a period of time not to exceed fifteen (15) years, or twenty (20) years in the event that the energy savings plan includes combined heat and power measures. The energy savings plan shall be developed and implemented in a manner consistent with, to the extent possible, the Energy Savings Improvement Program Law set forth at N.J.S.A. 40A:11-4.6. Once completed, the City and the Operator shall review the energy savings plan and determine which of the recommended projects will be undertaken, upon which they must jointly agree. Based on the final selection of projects to be included in the energy savings plan, the Operator shall be entitled to an 8% mark-up on all projects that require a third party contractor to complete same.

iv. New Section 1.21 Shared Services –

Schedule 2, Section 1.21 is added to the Agreement as follows:

The City may contract with City agencies to undertake work similar to the Scope of Services which the Operator provides for the City Systems. Prior to entering into any such shared service agreements, the City shall meet with the Operator and discuss and agree in writing upon the services to be rendered to the City agency, a schedule for said services and an estimated cost for the Operator's services. The Operator will have the sole right to agree to conduct the work or to reject it. Once executed, a copy of the final shared services agreement shall be provided to the Operator, and **Table B** shall be adjusted to reflect the increased scope of services. The City shall, prior to the initiation of any work by the Operator, collect the cost for the services to be rendered from the City agency requesting the work. If the Operator agrees to increase the scope of services, then the Operator shall be paid for its services once same are completed and an invoice is submitted by the Operator to the City for payment. Payment to the Operator shall be rendered by the City within forty-five (45) days, regardless of the City's ability to collect payment from the City agency that requested the work.

v. New Section 1.22 Engineering Services –

Schedule 2, Section 1.22 is added to the Agreement as follows:

In addition to the services being provided by the Operator to the City pursuant to Section 6.11, the Operator agrees that it shall provide to the City engineering support and project management support services related to sewer and water related issues such as, but not limited to, well location, plant and process modifications necessary to address regulatory changes, and development and redevelopment matters affecting the City's Systems. The Operator will provide up to 120 hours of engineering support each Contract Year. The Operator's cost for the support for such work shall be included in the Fixed Management Fee. Any allocation for engineering support described under this new Section 1.22 not utilized in a Contract Year will be rolled over to the following Contract Year. If the engineering support exceeds the allocation of hours in any Contract Year, then: i) the excess amount will be counted against the allocation for engineering support in the next Contract Year; or ii) if the Agreement terminates prior to the completion of the following Contract Year, the City will pay to Operator the value of the excess engineering support upon termination of the Agreement. Operator will track all hours used in the monthly progress report.

vi. New Section 1.23 Open Public Records Request Responses –

Schedule 2, Section 1.23 is added to the Agreement as follows:

As a result of the City's process for reviewing and responding to Open Public Records Requests submitted pursuant to the Open Public Records Act, N.J.S.A. 47:1A-1 et. Seq. ("OPRA"), the Operator has been asked on multiple occasions to identify responsive records maintained on the City's behalf by the Operator and prepare records packages for the City to utilize in responding to OPRA requests. The frequency of OPRA requests has required the Operator to spend a significant amount of time reviewing and responding to same on behalf of the City. As a result, the Operator and City wish to identify review of and response to OPRA requests as part of the Operator's scope of Services. The Operator agrees that it shall provide the City with up to 80 hours of services related to the review, investigation and response to OPRA requests during each Contract Year. The Operator's support for such work shall be included in the Fixed Management Fee. Any allocation for support described under this new Section 1.23 not utilized in a Contract Year will be rolled over to the following Contract Year. If the support exceeds the allocation of hours in any Contract Year, then: i) the excess amount will be counted against the allocation for support in the next Contract Year; or ii) if the Agreement

terminates prior to the completion of the following Contract Year, the City will pay to Operator the value of the excess support upon termination of the Agreement at the rate of \$125.00 per hour. Operator will track all hours used in the monthly progress report.

vii. Section 2.15 Annual Water Loss and Conservation Plan –

The second paragraph of Schedule 2, Section 2.15 is amended so that the beginning sentence reads as follows:

Incorporating the AWWA Water Audit Software, required for the annual Delaware River Basin Commission (“DRBC”) submittal, the Operator shall develop and implement an Annual Water Loss and Conservation Plan.

The last paragraph of Schedule 2, Section 2.15 is amended by deleting the last two sentences and replacing them with the following:

Additionally, on a monthly basis, the Operator shall include in the monthly progress report an update of Nonrevenue Water and a key performance indicator (“KPI”) tracking the monthly average. The Operator shall provide the City with an updated Water Loss and Conservation Plan within thirty (30) days following the required DRBC submittal. The Water Loss and Conservation Plan shall report Nonrevenue Water and shall describe activities completed by the Operator in the period as well as those proposed for the upcoming period. The report shall include a record/timeline of performance for the Term. With the City’s recent acquisition of leak detection equipment, the Operator shall implement a defined program for leak detection investigations within the City’s System, will incorporate the program into the O&M Manual, and will include updates regarding the progress of the leak detection program in the monthly progress report.

viii. **Section 4.7—Valve Maintenance**

The language in section 4.7 of Schedule 2 of the Agreement is deleted in its entirety and is replaced with the following:

The Operator shall develop and implement a reasonable valve exercising program to be implemented in a progressive manner and address those valves deemed to be critical to the System's operation.

The valve exercising program shall be included in the O&M Plan. All valves determined to be broken or inoperative shall be reported to the City as part of the Monthly Progress Report and then repaired/replaced by the Operator as part of the O&M Plan.

The valve exercising program shall be developed such that the valves are exercised in accordance with all Applicable Law. Currently, the valves are required to be exercised as follows:

- Valves equal to or greater than 12” are to be exercised once every 4 years
- Valves less than 12” are to be exercised once every 4 years

This program shall be developed in accordance with the manufacturer's recommended procedures and include several key components including:

- Locating the valves via GPS
- Developing and maintaining a GIS valve database

The valve exercising program shall be incorporated into the O&M Plan after review at the Annual Maintenance, Repair and Replacement Workshop held during each Contract Year. Valve exercising can result in breakages in valve stems and exercised valves being left in a position other than as found. Valves that are found broken or frozen shall be identified and recorded for inclusion in an annual valve replacement project of the City's Capital Improvement program.

ix. Section 5.10—Asset Management Plan.

The first paragraph of section 5.10 (Asset Management Plan) of Schedule 2 is deleted in its entirety and is replaced with the following:

The Operator shall develop an Asset Management Plan as required by the New Jersey Water Quality Accountability Act to support the long-term sustainability of the Water Supply System and the Sewer Collection System by helping the City make informed decisions on when it is most appropriate to repair, replace, or rehabilitate particular assets and by developing a long-term funding strategy.

x. **Section 6.1—General Provisions.**

The first paragraph of section 6.1 (General Provisions) of Schedule 2 is deleted in its entirety and is replaced with the following:

The Operator shall coordinate, prepare, print and deliver 90% of each month's utility bills to the post office for mailing by the 22nd of each month. The remaining bills will be mailed by the end of the month. The Operator shall include public service messages on bills when directed by the City.

ix. **Section 6.1—General Provisions.**

The second paragraph of section 6.1 (General Provisions) of Schedule 2 is deleted in its entirety and is replaced with the following:

The Operator shall be responsible for: i) posting premises for shut-off and implementing the City's water service termination procedures to any customer of the Water Supply System not in compliance with their obligation to pay the established rates in conformance with the City's policy; and ii) reestablishing services when appropriate in conformance with the City's policy. Shut-offs shall not be made during the winter months (November through March) or during any lawfully imposed moratorium. Shut-offs and posting premises for shut-off shall be subject to safety considerations and availability of police protection, where reasonably required. The practice regarding shut-offs is that the Operator will send letters quarterly to all delinquent customers, requesting payment and advising each customer of the water shut-off alternative.

xii. **Section 6.6--Municipal Wastewater Service**

Section 6.6 (Municipal Wastewater Service) of Schedule 2 is deleted in its entirety and is replaced with the following:

At no cost or expense to the City, the Operator shall, during the Term of the Agreement, provide sewer service to the Municipal Building and all other City offices and public and quasi-public facilities, including but not limited to, the police department

and fire department, and those facilities identified in the Agreement. Such sewer service shall be made in accordance with the terms and parameters set forth in the Agreement, and which shall include a cap on service in the event of variations from the three (3) year average immediately prior to the Commencement Date. The City will, at least every Contract Year commencing with Contract Year 3: i) supplement Schedule 14 to identify any properties acquired after commencement of the Agreement that fall into the City and/or other public and/or quasi-public category to which sewer service shall be provided in accordance with this section 6.6; and ii) provide the Operator instruction on how to handle any outstanding account balance from the previous owner.

xiii. Section 6.7 – Performance Standards and Targets

The Parties acknowledge and agree that: i) the new Tables S3-1, S3-2, S3-3 and S3-4 that are referenced in section 6.7 of Schedule 2 and were modified in Amendment No. 1 were inadvertently not attached to the final version of Amendment No. 1; ii) the parties fully intended that the new Tables S3-1, S3-2, S3-3 and S3-4 be included in Amendment No. 1; iii) the Parties have been following Tables S3-1, S3-2, S3-3 and S3-4 as if they were attached to Amendment No. 1; and iv) the new Tables S3-1, S3-2, S3-3 and S3-4 referenced in Amendment No. 1 are as follows:

Table S3-1

Billing & Collection Performance Targets

Parameter	Requirement
Customer Meter Reading	Reading & Billing Monthly; Rotating Quarters
Water & Sewer Billing	7 calendar days of meter reading
Water & Sewer Collection Rate	90% - On an Annual Basis

* Note - Public properties that are not subject to lien are excluded from this calculation

Table S3-2

Billing & Collection Monitoring Targets

Type	Requirement
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Billed Water & Sewer Consumption by Customer Class	Monthly
Customer Historical Water Usage	Monthly
Customer Inquiries/Complaints - Camden Office	Ongoing
Customer Inquiries/Complaints - Call Center	Ongoing

Table S3-3

Billing & Collection Reporting Targets

Item/Parameter	Reporting Requirement
Billing Delinquency Notification - 30 days	Monthly
Disconnect Notices	Monthly
Billing Delinquency Notification - 90 days	Monthly
Billing Delinquency Notification - 120 days	Monthly
Bankruptcy Notices	Within 5 business days of notice

Table S3-4

Call Center Reporting Targets

Parameter	Reporting Requirement
Calls answered	> 90%
Dropped Calls	<10%
First call resolution (via phone)	> 90%
Average hold time	< 60 seconds

xiv. Section 6.7 – Performance Standards and Targets

The parties further acknowledge and agree that Tables S3-1, S3-2, S3-3 and S3-4 that are referenced in section 6.7 of Schedule 2 (and that were originally modified in

Camden - AW Contract Amendment No 2 -

Amendment 1) are deleted and their entirety and are replaced with the new Tables S3-1, S3-2, S3-3 and S3-4, as follows:

Table S3-1

Billing & Collection Performance Targets

Parameter	Requirement
Customer Meter Reading	Reading & Billing Monthly; Rotating Quarters
Water & Sewer Billing	90% of current bills issued by the 22 nd of the current month
Water & Sewer Collection Rate*	90% - based on 12 month running annual average

* Note - Public properties that are not subject to lien are excluded from this calculation

Table S3-2

Billing & Collection Monitoring Targets*

Type	Requirement
Billed Water & Sewer Consumption by Customer Class	Performed monthly on 1/3 of accounts monthly on quarterly Billing Cycle
Customer Historical Water Usage	Performed monthly on 1/3 of accounts monthly on quarterly Billing Cycle
Customer Inquiries/Complaints - Camden Office	Tallied and Record as they occur

* Reported in Monthly Operations Report

Table S3-3

Billing & Collection Reporting Targets

Item/Parameter	Reporting Requirement
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Billing Delinquency Notification - 30 and 90 day	Monthly in Operations Report
Disconnect Notices	Monthly
Bankruptcy Notices	Within 5 business days of notice

Table S3-4

Regular Communication

Method	Requirement
Daily, Weekly, Monthly as needed in regular course of business	Ongoing and Timely
Quarterly Review Meetings with City, RosTech and Operator to review performance and develop appropriate corrective action plans	By 15 th of month following FY Quarter end
Annual meeting with City, RosTech and Operator to review KPIs and propose adjustments to KPIs	By 15 th of month following FY end

M. Schedule 4 – Computer Information Systems

Section 4.4—Billing and Collection Systems

Section 4.4 of Schedule 4 of the Agreement is deleted in its entirety and is replaced with the following:

The Operator shall be required to implement and maintain computerized programs to prepare billing and collections as well as all associated management reports. All information contained in the billing and collection system used by the Operator in performance of these activities is and shall remain the property of the City. Upon termination of this Agreement for any reason, the Operator shall convey all billing and

collection information to the City in a mutually-agreed upon format in order to ensure continuity of historical records, including ninety-six (96) months of Service Orders.

N. Schedule 5 – Rates, Fees and Charges

Schedule 5 of the Agreement is deleted in its entirety and replaced with Schedule 5, which is attached hereto as **Exhibit 3** and incorporated herein in its entirety.

O. Schedule 7 – Permits/Administrative Consent Orders/Administrative Orders

Schedule 7 of the Agreement is deleted in its entirety and replaced with Schedule 7, which is attached hereto as **Exhibit 4** and incorporated herein in its entirety.

P. Reserved

Q. Reserved

R. All references in the Agreement to “Water Loss and Conservation Plan”, “Annual Water Loss and Prevention Plan” and “Water Loss and Prevention Plan” shall mean “Annual Water Loss and Conservation Plan” as described in section 2.15 (Annual Water Loss and Conservation Plan”) of **Schedule 2**.

[signature page follows]

IN WITNESS WHEREOF, the Parties have hereunto set their hands and fixed their seals as of the Effective Date.

City of Camden

By: _____

Date:

Name: _____

Title: _____

American Water Operations and Maintenance, LLC

Camden - AW Contract Amendment No 2 -

By: _____

Date: _____

Name: _____

Title: _____

EXHIBIT 1

Table B

Maintenance Repair Renewal Descriptions Allocations

Cost Category	Annual Allocation	Reserve Allocation
Sewer System		
Sewer Cleaning & TV Inspection	1,500,00	250,000
Emergency Sewer Cleaning	17,000	3,500
Sewer Main Repairs	460,000 459,151	90,000
Sewer Materials	25,000	5,000
Sewer Lateral Repairs		30,000
	150,000	28,906
Sewer Repair Restorations	150,000	30,000
Street Sweeping	505,000	100,000
CSO Nets	71,000	14,000
CSO Outfall Repairs	17,000	3,500
CSO Regulator Repairs	4,000	1,000
Lift Station Mechanical Maintenance & Repairs	190,000	37,000
Lift Station Electrical Maintenance & Repairs	29,200 29,219	5,800
Lift Station SCADA Maintenance & Repairs	12,500 12,522	2,500
Generator Maintenance	84,000 83,482	16,500
Water System		

Camden - AW Contract Amendment No 2 -

Water Main Repairs	425,000	82,500
General Water System Materials	63,000	12,000
Water Service Repairs	110,000	22,000
Water Repair Restorations	125,000	25,000
Hydrant Flushing	21,000	2,500
Hydrant Repairs	21,000	4,000
Valve Repairs	105,000	21,000
Valve Exercising	62,000	13,000
Meter Replacement Program	84,000	16,500
Other Meter System Repairs	17,000	3,500
Meter Testing	84,000	16,500
Water Tank Inspections	17,000	3,500
Morris-Delair WTP Mechanical Maintenance & Repair	250,000	50,000
Morris-Delair WTP Electrical Maintenance & Repair	50,000	10,000
Morris-Delair WTP SCADA Maintenance & Repair	21,000	4,000
Morris-Delair WTP Maintenance - Materials	34,000	6,500
Parkside WTP Mechanical Maintenance & Repair	38,000	7,500
Parkside WTP Electrical Maintenance & Repair	63,000	12,000
Parkside WTP SCADA Maintenance & Repair	17,000	3,500
Parkside WTP Maintenance - Materials	55,000	11,000
Well Mechanical Maintenance & Repair	84,000	16,500
Well Electrical Maintenance & Repair	58,500	11,500
Well SCADA Maintenance & Repair	5,000	1,000
Well Rehabilitation	85,000	16,500
Morris-Delair WTP Residuals (Sludge)	55,000	11,000
Parkside WTP Residuals (Sludge)	100,000	20,000
Other / General		
Police Support	50,000	10,000

Camden - AW Contract Amendment No 2 -

City Fleet - Maintenance	38,000	7,500
City Fleet - Fuel/Materials	30,000	5,500
Grounds Keeping / Janitorial	34,000	7,000
Emergency/Minor Capital Improvements	46,000	9,000
Miscellaneous/Special Project	537,800	219,200
*Total	6,000,000	1,250,000
8% Mark-up on Reserve	-	100,000
Total	6,000,000	1,250,000
	5,635,039	
Total M R&R Allocation with Reserve		7,250,000

NOTES RE: TABLE B:

Adjustments to the MR&R Allocation include the following:

1. The implementation of Sewer System repairs resulting from closed circuit television (“CCTV”) inspection following sewer cleaning, if the inspection yields a NASSCO rating of 5 requiring immediate repair. This repair work may include adjoining pipe repairs where in the mutual opinion of the Operator and the City it would be in the best interest of the City to do so. The preferred option is to repair the lines via appropriate lining or insertion technology in order to avoid potential collapse or extended excavation work.
2. The update of the MR&R breakdown to reflect ongoing knowledge of and City prioritization of the pressing needs of the system.
3. The MR&R Allocation will be adjusted and updated by the City from time to time in order to meet System requirements.
4. The MR&R Allocation shall reflect certain work to be completed by the Operator in connection with the City’s obligation to comply with N.J.A.C. 58:12A-40 et. seq.

EXHIBIT 2

Table C

Annual Utility Allocation

Utility Description	Budget	
	Annual Allocation	Annual Allocation
Cellular - SCADA	18,000	
Diesel - Fuel	21,00	
Diesel - Heating	3,500	
Electric	985,000	100,000
Natural Gas	19,000	
Sewer	500	
Telephone - Landline	9,000	
Waste Disposal	24,000	
Water	-	
Total	\$ 1,080,000	\$ 100,000
8% Mark-up on Reserve	-	8,000
Total	\$ 1,080,000	\$ 108,000
Total Utility Allocation with Reserve		\$1,188,000

EXHIBIT 3

Schedule 5

SCHEDULE 5 – RATES FEES AND CHARGES

5.1 START-UP SERVICES FEE

The Start-Up Services Fee shall be \$1,800,460. The City shall pay the Start-Up Services Fee to the Operator as set forth in **Table A** of **Schedule 2**. The status of the items contained in **Table A** of the Agreement as of the date of Amendment No.2 are reflected in updated **Table A** attached to the Amendment No.2.

5.2 FIXED MANAGEMENT FEE

The Fixed Management Fee for the Contract Year beginning February 1, 2023 shall be \$8,843,318.00. This Fixed Management Fee represents a significant increase of scope over the Fixed Management Fee for the Contract Year ending January 31, 2023. Attached hereto as Table 5-1, is a chart that reflects the basis for said increases. The Fixed Management Fee shall be increased by the Index Factor as set forth in this **Schedule 5** for the year beginning February 1, 2023 and each year thereafter.

The adjustment to the Fixed Management Fee noted above includes the sum of items A, B, C, D and E below (see Table 5-1 for details):

- A. Seven (7) additional full-time staffing positions added in response to address new regulatory requirements and enhance performance for maintenance activities as a result of experience gained during the contract term to date. Fee established based on total average salaries multiplied by 1.4 for payroll overheads and taxes, then add 15% of total for overhead and profit.
- B. Increased water treatment plant operations and maintenance expenses (projected annual costs plus 8% for overhead and profit), including:

- a. granular activated carbon changeouts at the Parkside water treatment plant, which assumes 3 (three) changeouts per Contract Year
 - b. zinc orthophosphate corrosion control inhibitor at both the Parkside and Morris-Delair treatment plants.
 - c. Should operational conditions result in additional costs for either granular activated carbon or zinc orthophosphate then any additional costs will be covered by the MR&R Allocation.
- C. Additional scope items (projected annual costs plus 8% for overhead and profit), including:
- a. updating the water system hydraulic model;
 - b. adhoc engineering support for the water and wastewater systems;
 - c. additional support for the myriad of OPRA requests; and
 - d. support needed in response to changes in the New Jersey Water Quality Accountability Act.
- D. Additional water quality monitoring samples (projected first year costs plus 8% for overhead and profit), including:
- a. Six (6) additional PFAS samples for process control at the Parkside water treatment plant.
- E. Adjustment to the Fixed Management Fee related to the 8% administrative fee for the Maintenance, Repair and Replacement (“MR&R”) Allocation and to the Annual Utilities (“Utilities”) Allocation as follows:
- a. \$53,746.00 related to the adjustment to the MR&R Allocation in Amendment 1 of the Agreement from \$3,825,628.00 to \$4,497,449.00 that was inadvertently not added to the Fixed Management Fee in Amendment 1 to the Agreement. This adjustment will take effect, beginning with Contract Year ending January 31, 2023, and will continue through the remainder of the Term of the Agreement.
 - b. \$120,404.00 related to the adjustment to the MR&R Allocation at the beginning of Contract Year 7 from \$4,497,449.00 to \$6,000,000.00 and

will be effective for the Contract Year ending January 31, 2023, and will continue through the remainder of the Term of the Agreement.

- c. \$11,966 related to the adjustment to the Utilities Allocation at the beginning of Contract Year 7 from \$ 930,421.00 to \$1,080,000.00 and will be effective for the Contract Year ending January 31, 2023, and will continue through the remainder of the Term of the Agreement.

5.3 ANNUAL SERVICE FEE; PAYMENT TERMS

The Annual Service Fee is composed of the sum of the Fixed Management Fee, as may be amended via Change Order, and Pass-through Charges or Pass-through Credits, which include, but are not limited to the Maintenance, Repair and Replacement Allocation and the Utility Allocation each set forth in **Tables B and C** of **Schedule 2**, respectively. The Maintenance, Repair and Replacement Allocation and the Utility Allocation set forth in **Tables B and C** shall not be subject to mark-up by Operator. The City shall pay to the Operator one twelfth of the Fixed Management Fee, one twelfth of the Maintenance, Repair and Replacement Allocation and one twelfth of the Utility Allocation, as the amount of each allocation is modified during the Term of the Agreement, as on the first day of each month following the Commencement Date throughout the Term of the Agreement for Services performed in the preceding month. On a quarterly basis, and in no case later than sixty (60) days following the close of a calendar quarter, the Parties shall reconcile the amounts paid by the City to the Operator in connection with the Maintenance, Repair and Replacement Allocation and the Utility Allocation with the actual costs incurred (as evidenced by vendor invoice) by the Operator for the quarter. If the reconciliation reveals that the City has overpaid the Operator for Maintenance, Repair and Replacement and/or Utility costs, the Operator shall reimburse the City accordingly by the first day of the next calendar month following the determination. If the reconciliation reveals that the City has underpaid the Operator for Maintenance, Repair and Replacement and/or Utility costs, the City shall reimburse the Operator accordingly by the first day of the next calendar month following the determination. Notwithstanding the foregoing, once the Operator exceeds the annual Maintenance, Repair and Replacement Allocation, the Operator is entitled to an 8% mark-up on those overages. There shall be no mark-up by the Operator in connection with Utility costs. All payments to be made by the City to the Operator pursuant to this Services Agreement shall be made within thirty (30) days after receipt of invoice. The City will review Operator's invoices, and if the City questions any items, the

City shall notify Operator within twenty-one (21) days of receipt of the invoice. All amounts not in dispute will be paid when due. Payment not made on the date due shall be subject to interest at the prime rate plus two percent (2%). All amounts in dispute shall be resolved by the dispute resolution procedure set forth under Section 10.24 of this Services Agreement. Failure to make payments on a timely basis shall be an event of default pursuant to Article IX of the Agreement.

The Operator shall be paid a Fixed Management Fee for the Services that will be performed by the Operator as contemplated herein. In addition, the yearly Fixed Management Fee as set forth in Section 8.4 of the Services Agreement shall not be subject to adjustment unless otherwise agreed to by the Parties and/or as provided herein. To the extent Rev. Proc. 97-13 imposes limits on the Operator's ability to perform the Services and/or receive compensation for such Services, the City and Operator shall make the appropriate adjustments in the method of compensation so that the City will receive such Services and Operator shall receive its corresponding compensation. In no event shall any adjustment be made until the Parties agree that such adjustment is warranted and until such time the Parties agree on the actual adjustment through a contract amendment or Change Order. If such adjustment cannot be made and mutually agreed-upon by and between the Parties, then the Operator will not be responsible for performing the portion of the Services in dispute.

5.4 INFLATION ADJUSTMENT

Annual Adjustments: At the beginning of each Contract Year, the Fixed Management Fee shall be increased based upon the percent change in the Consumer Price Index (defined below). The annual percent change in the Consumer Price Index is hereinafter referred to as the "Index Factor," and except as otherwise outlined below is subject to an annual cap of four percent (4%). If the Index Factor in a given Contract Year is a negative percent, however, there will be no adjustment to the Fixed Management Fee for that particular Contract Year.

The Consumer Price Index that is used as the Index Factor shall be the current Consumer Price Index, Philadelphia-Wilmington-Atlantic City CPI-U 12-month percent changes, all items index (not seasonally adjusted) (<http://www.b1s.gov/ro3/cpiphl.htm>), as published by the U.S. Department of Labor, Bureau of Labor Statistics (the "Consumer Price Index").

All changes shall be calculated on a twelve-month basis ending December 31st of the calendar year immediately prior to the Contract Year in which such change takes effect. The new adjusted rate shall be effective for the Contract Year even if the calculation made pursuant to the terms hereof is not computed by the Operator until such information is made available (such information typically being available in January). In the event that

the Consumer Price Index ceases to become available, the most closely comparable index then available shall be used by the Operator.

Notwithstanding the foregoing, if the Index Factor exceeds the annual cap by 25% (twenty-five percent) or more, then the Fixed Management Fee adjustment shall be calculated by taking the annual cap and adding 50% (fifty percent) of the difference between the Index Factor and the annual cap, which will become the new annual cap. For example, the percentage change in the Consumer Price Index for December 2021 (i.e., the Index Factor) was 6.6% and the annual cap, was set at 4%; thus, the Fixed Management Fee was increased to 5.3% (calculated by taking the 4% cap and adding 50% of the difference between 6.6% and 4% (i.e., 1.3%)), and the 5.3% will become the new cap.

In addition, the annual cap shall also be adjusted each Contract Year, as set forth above, for the remaining Term of the Agreement.

Should the percentage change in the Consumer Price Index (i.e., the Index Factor) drop below 4% for two (2) consecutive Contract Years, then the most recent adjustment to the annual cap shall be returned to the annual cap amount preceding the most recent adjustment. Notwithstanding the foregoing, the parties agree that the annual cap will never drop below 4%.

5.5 USER CHARGES

The City retains responsibility for setting rates and charges. The Operator agrees to implement revised rates and charges on a date specified by the City within sixty (60) days after notification from the City. The Operator's obligation to implement such revised rates and charges shall be limited to once per Contract Year.

Effective on the Commencement Date and as of each annual anniversary thereafter throughout the term of the Agreement, the City agrees, to the extent permitted by law, to increase its rates for the supply of water services and wastewater services, as applicable, to customers of the Systems to at least the rates required to cover the Annual Service Fee to be paid to the Operator for services provided. Nothing herein shall be construed to restrict the City from establishing rates for the supply of water service or wastewater service to the customers of the Systems that are in excess of the rates required to cover the Annual Service Fee.

5.6 CAPACITY AND INSPECTION FEES

The City shall be the sole authority in determining and establishing the capacity and

inspection fees to be charged to new water and wastewater customers connecting with the Systems.

All such capacity and inspection fees shall be paid to, and shall remain the property of, the City including those connection fees paid after the Commencement Date of the Services Agreement.

5.7 REV. PROC. 97-13 REQUIREMENTS

Rev. Proc. 97-13 limits the amount of any variable fee payable to Operator to 20% of the Annual Service Fee. For purposes of applying this limitation, the following items shall be subtracted from the Annual Service Fee:

- (i) Pass-through Charges/Credits
- (ii) Allocable portion of the cost of Capital Improvements payable to third parties, amortized in equal amounts over the term of the Agreement.
- (iii) Operator labor associated with Capital Improvements or otherwise contemplated at the time of execution of this Agreement, amortized in equal amounts over the term of the Agreement.
- (iv) The Start-Up Services Fee.

5.8 VARIABLE COMPONENTS OF FEE

The following items shall be considered variable components of the Operator's Annual Service Fee for purposes of Rev. Proc. 97-13:

- (i) Adjustments in fee attributable to changes in water usage.
- (ii) Allocable portion of cost of Capital Improvements including internal labor costs retained by Operator and not payable to third parties, amortized in equal amounts over a 5-year period.

Table 5-1

EXHIBIT 4

Schedule 7—Permits/Administrative Consent Orders/Administrative Orders

Physical Connection Permit				
1084	WPC180001	Renews annually		
Water Allocation Permit				
5302	WAP150001	Expires - 7/31/27		
Water Treatment Residuals Permit				
46644	NJG0224936	Expires -12/31/2024		
Emergency Generator Permit				
not issued, should expire 2/1/2027	51568	GEN170001	Certificate	
Emergency Generator Permit				
expire 2/1/2027	50994	GEN170001	Certificate not issued, should	
Safe Drinking Water Annual Operation				
Annually	0408001	WBC030019	Renews	
Tier A Municipal Stormwater General Permit				
Expires 12/31/22 (will be renewed)	# NJ0141852			
Stormwater Discharge General Permit				
Expires 12/31/22 (will be renewed)	# NJG0153338			
Discharge to Surface Water Permit				
06/30/20, renewal application submitted	# NJ0108812 Expired			
pending approval of LTCP.				

