

Township of Edison Public Hearing

March 28, 2019

Collaboration, Trust and Dialogue



Working Group



Joseph P.
Baumann, Jr.
McManimon,
Scotland &
Baumann



Fran
McManimon
McManimon,
Scotland &
Baumann



Dennis Enright
NW Financial
Group



Peter Kocsik
Mott MacDonald



Kevin Chandler
SUEZ

Statement of the Township of Edison, New Jersey as to the Selection of the Qualified Proposal Submitted by the Respondents

“

On October 5, 2018 the Township of Edison (the “Township”) received one (1) proposal (the “Proposal”), submitted jointly by Suez Water Environmental Services, Inc. (“Suez”) and KKR Global Impact (“KKR” and together with Suez, the “Respondents”), in response to the RFQ/RFP (the “RFP”) issued on June 28, 2018 by the Township for a partnership agreement for operation and maintenance services for the Township’s Water System or Water and Wastewater Systems (the “Systems”). The Township’s legal, financial and engineering professionals reviewed the Proposal and found that it met the technical qualifications and requirements of the RFP. Based upon the report of the Township’s professional consultants, the Township determined to designate the Respondents as the Selected Respondent in accordance with the RFP and commence negotiations for the terms of the partnership agreement.

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Written Comments



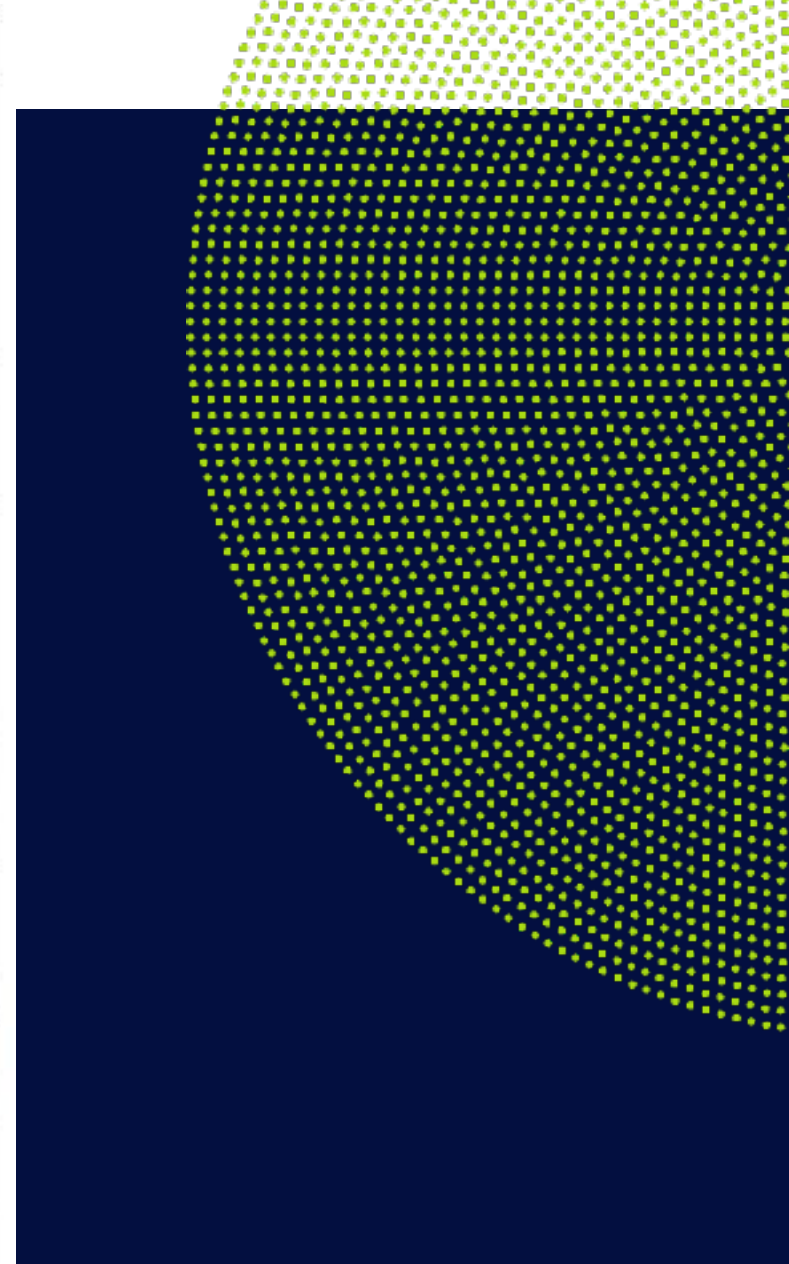
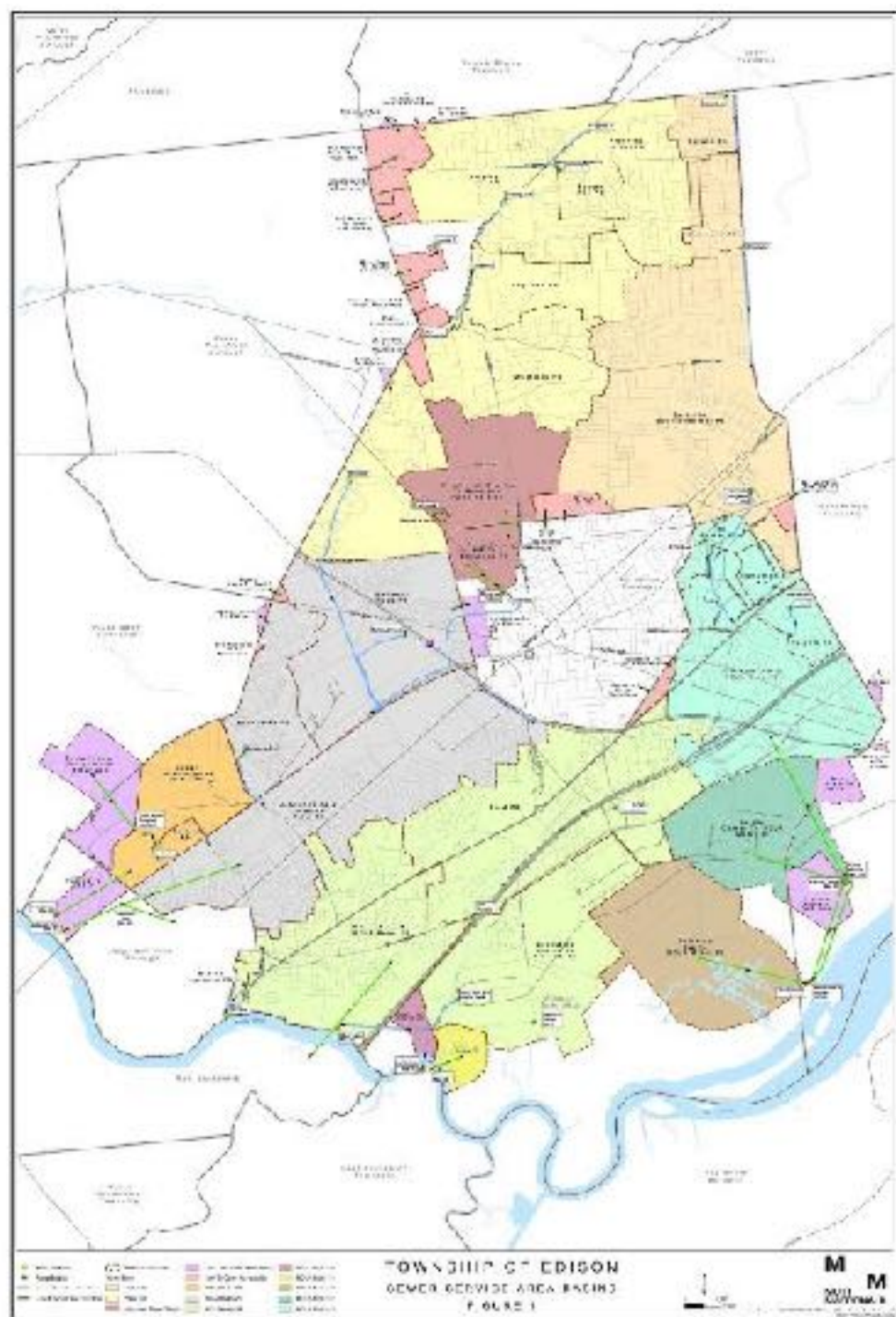
Township of Edison

Office of the Business Administrator

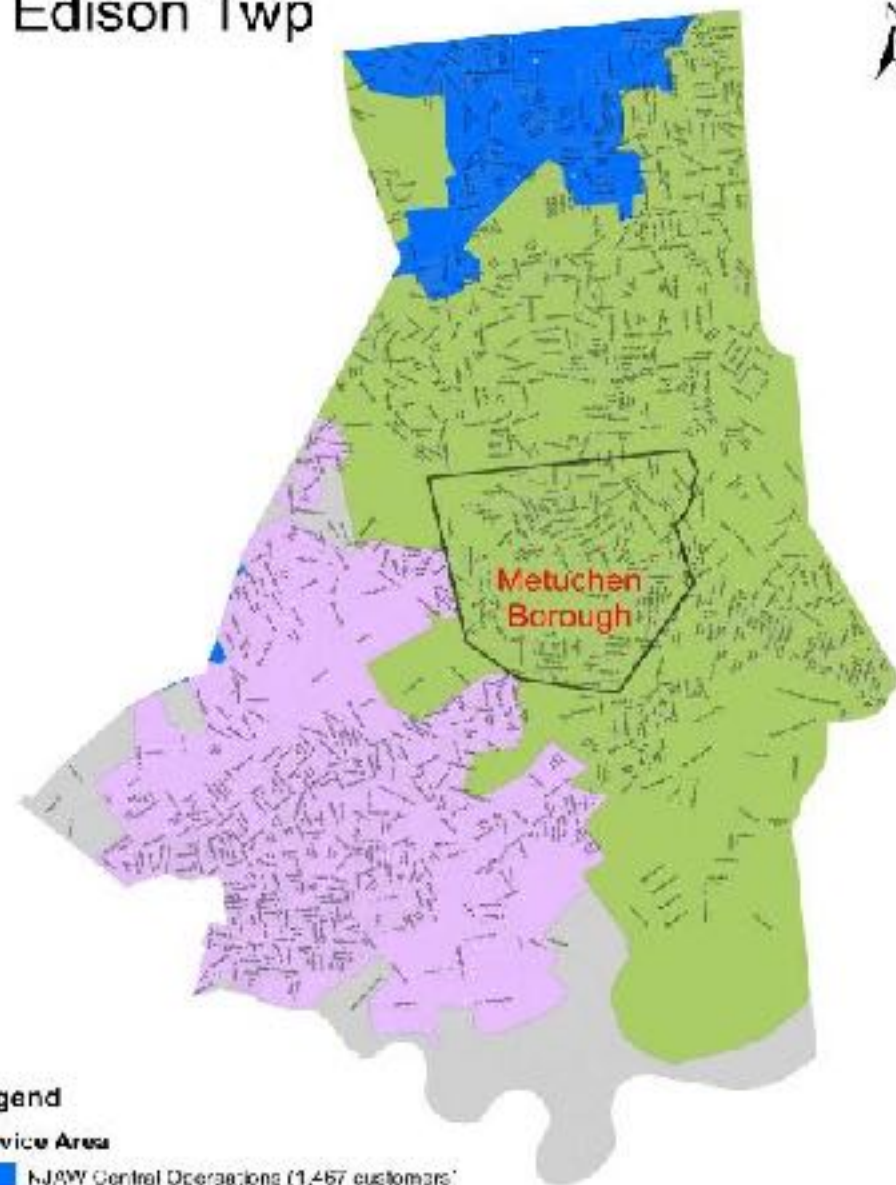
Municipal Building

100 Municipal Blvd

Edison, New Jersey 08817






Edison Twp



Legend

Service Area

-  NJAW Central Operations (1,467 customers)
-  Edison Water Company (12,314 customers)
-  Middlesex Water

0 0.5 1 2 Miles



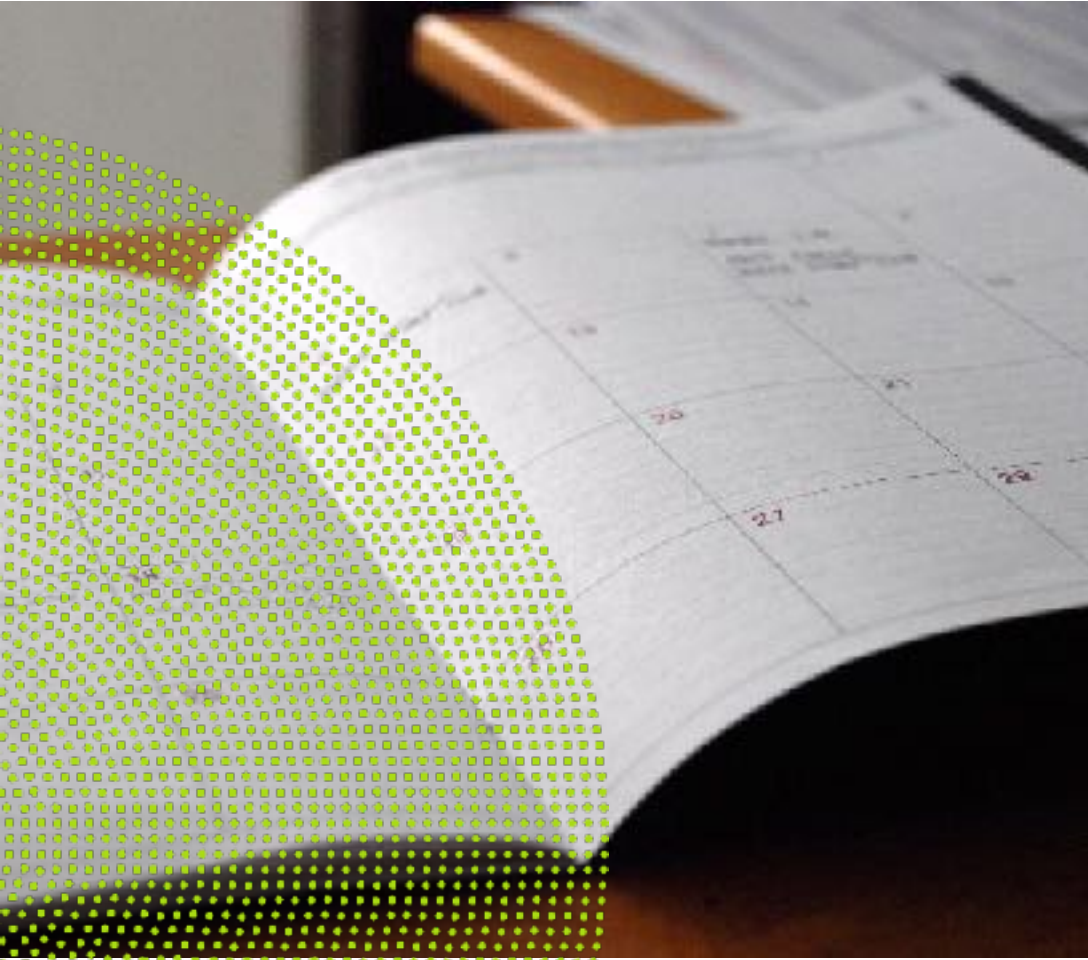
Date: 12/27/2017

Public-Private Partnership Principles



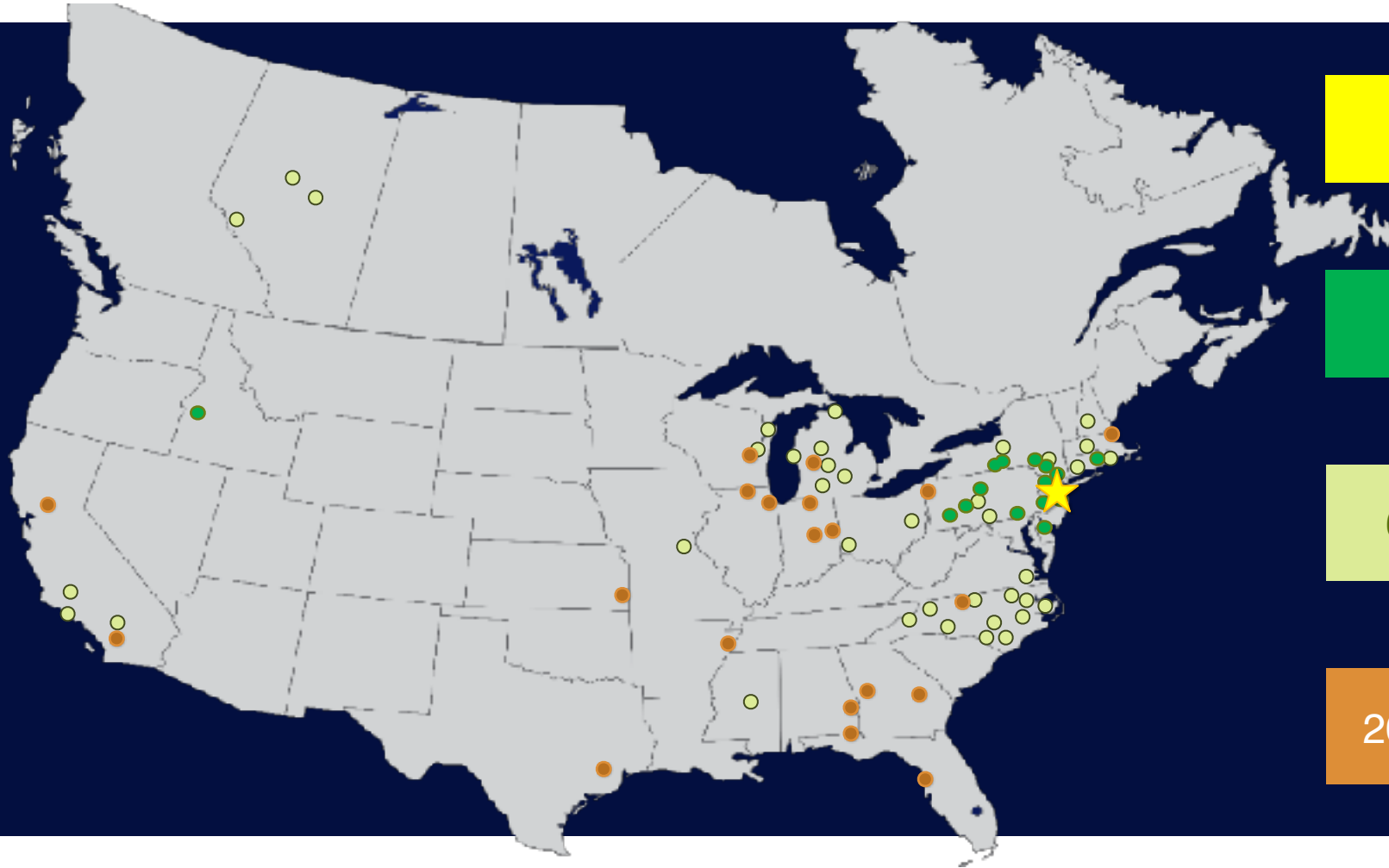
- Cost to system users is fair relative to national charges for similar services
- User charges are limited, except for unforeseen events
- User charges are affordable
- Return on equity is fair as compared to market rates and risks
- Concessionaire must maintain system to a higher standard than municipality
- Government can take back the system in event of default, subject to economic payment with penalties
- Government receives fair market value for the assets being leased
- Government participates in ongoing operational coordination and priority of capital needs
- Concessionaire has proven it can operate systems better than governmental entity
- System is user fee based and no longer an economic burden to the general government budget or credit profile

Procurement Process



- Directed Counsel to advise Administration on alternatives to expiring NJAW contract – 3/2016
- System Assessment Reports - 5/25/17
- Notice of Intent - 3/11/18
- Request for Proposals – 6/28/18
- Pre-Proposal Meetings - 3/23/18, 7/10/18, 9/20/18
- 11 Addenda to the RFP
- System Tours - 7/23/18, 7/24/18, 8/9/18
- Proposal submission - 10/5/18

SUEZ North American Footprint



HQ in Paramus, NJ

15 Utilities

65 Environmental Services Contracts

20 Advanced Solutions Service Centers

EDISON WATER and WASTEWATER CONCESSION BASE CAP EX SUMMARY

Capital Improvements By Facility	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Bambergers Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Bartha Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reaver Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,214,400	\$ 1,214,400
Brunswick Avenue Pump Station	\$ -	\$ -	\$ -	\$ 1,340,769	\$ 544,081	\$ -	\$ -	\$ 1,884,850
Dogwood Pump Station	\$ -	\$ -	\$ 1,463,875	\$ 1,649,175	\$ -	\$ -	\$ -	\$ 3,113,050
Eastside Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,542,000	\$ 708,400	\$ 4,250,400
Erle Apartments Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Faith Fellowship Pump Station	\$ 71,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,750	\$ 77,050
Hayduk Pump Station	\$ 69,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,000
Heights Pump Station	\$ 75,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,100	\$ 207,000
Marina Gardens Pump Station	\$ 5,750		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,750
Metuchen Pump Station	\$ -	\$ 1,125,083	\$ 225,017	\$ -	\$ -	\$ -	\$ -	\$ 1,350,100
Millbrook Pump Station	\$ -	\$ -	\$ -	\$ 1,614,600	\$ -	\$ -	\$ -	\$ 1,614,600
National Road Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Oxford Pump Station	\$ -	\$ -	\$ -	\$ -	\$ 1,214,400	\$ -	\$ -	\$ 1,214,400
PED Realty Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,650	\$ -	\$ 1,300,650
Progress Pump Station	\$ -	\$ -	\$ 386,834	\$ 847,116	\$ -	\$ 5,750	\$ -	\$ 1,239,700
Tinglay Lane Pump Station	\$ -	\$ -	\$ 773,667	\$ 1,694,233	\$ -	\$ -	\$ -	\$ 2,467,900
Westside Pump Station	\$ -	\$ 2,030,708	\$ 406,142	\$ -	\$ -	\$ -	\$ -	\$ 2,436,850
Wood Avenue Pump Station	\$ -	\$ -	\$ -	\$ 848,093	\$ 688,307	\$ -	\$ -	\$ 1,536,400
Wood Brook Pump Station	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pump Station Flow Monitoring	\$ 184,000	\$ -						\$ 184,000
Pump Stations SCADA	\$ 718,954	\$ 718,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,437,907
Safety Improvements	\$ 747,500							\$ 747,500
Pump Stations Engineering, Design	\$ 753,121	\$ 426,613	\$ 1,047,552	\$ 320,633	\$ 635,346	\$ 269,902	\$ 434,786	\$ 3,887,953
Pump Station Total	\$ 2,625,524	\$ 4,301,358	\$ 4,948,550	\$ 9,561,812	\$ 3,544,455	\$ 5,886,047	\$ 2,868,501	\$ 33,735,347

EDISON WATER and WASTEWATER CONCESSION

BASE CAP EX SUMMARY

Capital Improvements By Facility	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Rambergers Force Main								\$ -
Bartha Force Main								\$ -
Beaver Force Main								\$ -
Brunswick Avenue Force Main				\$ 555,140	\$ 556,140			\$ 1,112,280
Dogwood Force Main			\$ 878,025	\$ 878,025				\$ 1,756,050
Eastside Force Main	\$ 1,758,465	\$ 1,758,465						\$ 3,516,930
Engle Apartments Force Main								\$ -
Faith Fellowship Force Main								\$ -
Heights Force Main								\$ -
Marina Gardens Force Main								\$ -
Metuchen Force Main	\$ 24,840							\$ 24,840
Millbrook Force Main				\$ 1,466,595	\$ 1,466,595			\$ 2,933,190
National Road Force Main						\$ 1,427,783	\$ 1,427,783	\$ 2,855,565
Oxford Force Main							\$ 599,403	\$ 599,403
PED Realty Force Main								\$ -
Progress Force Main			\$ 569,808	\$ 569,808				\$ 1,139,616
Tingley Lane Force Main			\$ 884,408	\$ 884,408				\$ 1,768,815
Westside Force Main	\$ 2,954,350	\$ 2,954,350						\$ 5,908,700
Wood Avenue Force Main				\$ 1,039,761	\$ 1,039,761			\$ 2,079,522
Wood Brook Force Main								\$ -
Force Main Investigation (All Pump Stations)	\$ 453,141	\$ 235,114	\$ 371,437	\$ 145,951	\$ -	\$ 81,096		\$ 1,286,740
Force Main Engineering, Design	\$ 623,980	\$ 852,897	\$ 637,179	\$ 352,187	\$ 173,521	\$ 233,126	\$ 110,598	\$ 2,983,487
Force Main Total	\$ 1,077,122	\$ 5,825,665	\$ 8,053,672	\$ 5,892,875	\$ 3,236,017	\$ 1,742,005	\$ 2,137,784	\$ 27,965,141
Collection System Investigation (Flow Monitoring)	\$ 740,600		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 740,600
Collection System Investigation (24-inch to 48-inch)	\$ 853,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 853,300
Collection System Improvements		\$ 1,782,500	\$ 1,782,500	\$ 1,782,500	\$ 1,782,500	\$ 1,782,500	\$ 1,897,500	\$ 10,810,000
Collection System Engineering, Design	\$ 388,286	\$ 204,983	\$ 204,988	\$ 204,988	\$ 204,988	\$ 218,213	\$ 297,718	\$ 1,724,166
Collection System Sub Total	\$ 1,982,186	\$ 1,987,483	\$ 1,987,488	\$ 1,987,488	\$ 1,987,488	\$ 2,000,713	\$ 2,195,218	\$ 14,128,066

EDISON WATER and WASTEWATER CONCESSION BASE CAP EX SUMMARY

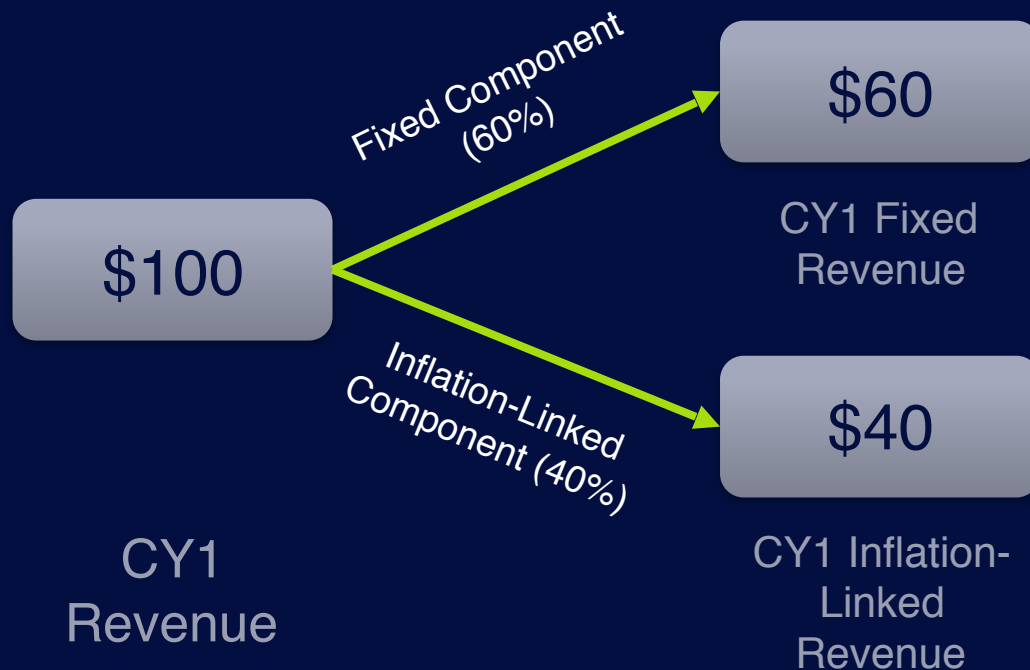
Capital Improvements By Facility	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
Water System Investigation (Test Holes)	\$ 131,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,100
Water System Improvements		\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ 13,800,000
Water System Engineering, Design	\$ 179,577	\$ 264,500	\$ 264,500	\$ 264,500	\$ 264,500	\$ 264,500	\$ 379,500	\$ 1,981,577
Water System Meter Installation (AMI)	\$ 2,300,000	\$ 4,600,000	\$ -	\$ -	\$ -	\$ 182,538	\$ 182,538	\$ 7,265,077
Water System Sub Total	\$ 2,579,577	\$ 7,164,500	\$ 2,564,500	\$ 2,564,500	\$ 2,564,500	\$ 2,747,038	\$ 2,862,038	\$ 23,046,653
Equipment Total (Sewer collection cleaning, sewer inspections, Excavation & rolling stock)	\$ 1,035,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,035,000
Base Cap Ex Total	\$ 9,299,409	\$ 19,279,011	\$ 17,554,209	\$ 20,006,674	\$ 11,332,459	\$ 12,375,803	\$ 10,063,641	\$ 99,911,207

Annual Concession Fee

Year	Annual Concession Fee	Year	Annual Concession Fee	Year	Annual Concession Fee	Year	Annual Concession Fee
2019	\$4,250,000	2029	\$4,250,000	2039	\$5,367,985	2049	\$9,237,944
2020	\$4,250,000	2030	\$4,250,000	2040	\$6,580,321	2050	\$9,422,703
2021	\$4,250,000	2031	\$4,250,000	2041	\$7,227,455	2051	\$9,611,157
2022	\$4,250,000	2032	\$4,250,000	2042	\$7,707,095	2052	\$9,803,380
2023	\$4,250,000	2033	\$4,250,000	2043	\$8,203,030	2053	\$9,999,448
2024	\$4,250,000	2034	\$4,250,000	2044	\$8,367,091	2054	\$10,199,437
2025	\$4,250,000	2035	\$4,250,000	2045	\$8,534,432	2055	\$10,403,425
2026	\$4,250,000	2036	\$4,250,000	2046	\$8,705,121	2056	\$10,611,494
2027	\$4,250,000	2037	\$4,250,000	2047	\$8,879,223	2057	\$10,823,724
2028	\$4,250,000	2038	\$4,250,000	2048	\$9,056,808	2058	\$11,040,198

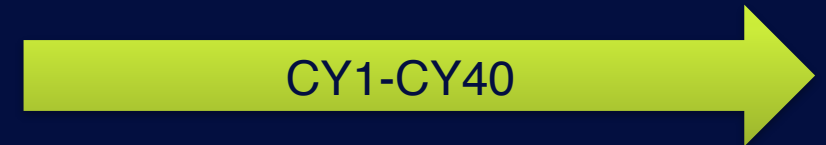
Adjustments to the Revenue Requirement for Inflation

Starting Revenue Requirement

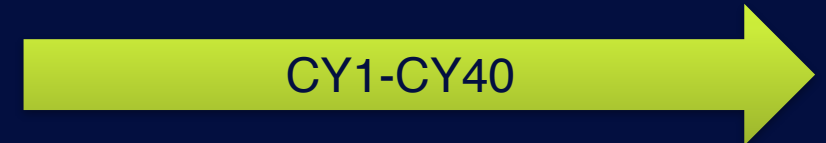


Annual Escalation Factor

x %



y % at weighted average of Labor and Standard Adjustment Indices



Concession Agreement Benefits



- Up-front concession fee of \$105,000,000
- Annual concession fee of \$4,250,000
- \$100,000,000 in infrastructure improvements in first seven years
- \$8,000,000 (increasing by inflation index) annually for capital improvements
- Operator held to robust, modern best management practices under Agreement
- Licensed operator expertise
- Access to vendors, materials and services
- Rate Stabilization
- Debt Reduction and avoidance of future Township debt for the Systems

Community Information Sessions



Wednesday, April 3, 2019

- Senior Center - 12:00 -2:00 pm
- Municipal Building (Edison Room) - 4:00 – 7:00 pm

Thursday, April 4, 2019

- Minnie Veal Community Center - 4:00 to 7:00 pm

TOWNSHIP OF EDISON
NOTICE OF PUBLIC HEARING

PLEASE TAKE NOTICE that on Monday, April 8, 2019 at 6:00 p.m. at the Municipal Building located at 100 Municipal Blvd, Edison, New Jersey 08817, the Township of Edison will continue the public hearing commenced on Thursday, March 28, 2019 at 6:00 p.m. at the Middlesex County College, Performing Arts Center Main Theater 2600 Woodbridge Ave, Edison, NJ 08837, on the proposed Water and Wastewater Concession Agreement (the “Agreement”) by and between the Township of Edison and Edison Environmental Partners, LLC.

The proposed Agreement has been on file with the Edison Township Clerk since March 14, 2019 and can be inspected at the offices of the Township Clerk, Monday through Friday, 8:30 a.m. to 4:00 p.m. at the Township Municipal Building, 100 Municipal Boulevard, Edison, New Jersey 08817.