

CHESTER BOROUGH WATER SYSTEM (WS) AND WASTEWATER TREATMENT SYSTEM (WWS)

Chester Borough, New Jersey

CLIENT:

Chester Borough, NJ

PROJECT FEATURES:

- ARI developed RFP for the long-term operation, sale or lease of the WS and WWS, and design/build (D/B) of capital improvements
- New Jersey Public Utilities Commission oversight of the water system sale
- Transaction structured in accordance with Revenue Procedure 97-13
- Transaction preserved SRF funding



Chester Borough owned and operated its water and wastewater systems. It was faced with the dual needs of significant capital improvements to its facilities and expansion of its water and sewer lines. The Borough was seeking private proposals for long-term contract operations, sale or lease of its water and wastewater systems, and D/B for capital improvements. ARI prepared the request for proposals, assisted in evaluation of proposals, and assisted Chester Borough with contract negotiations.

The RFP was released in December 1996, and the procurement was conducted in accordance with the New Jersey 1995 Water and Wastewater Privatization Acts.

After evaluation of the proposals, Chester Borough decided to sell its water system and to enter into a 20-year operations and maintenance contract for its wastewater system. The private contract operator for the wastewater system was also responsible for financing, designing, and constructing capital improvements for the wastewater treatment facilities. Contract negotiations were completed in 1997.

Particular concerns related to the financing of capital improvements for: compliance with IRS tax regulations (Revenue Procedure 97-13) regarding safe harbour management contracts; and the

preservation of existing New Jersey State Revolving Loan Fund (SRF) funding. ARI successfully structured the transaction to comply with 97-13 and preserve SRF funding.

Work commenced on this engagement in 1996, and ARI continues to serve as Contract Monitor for the Borough to ensure that all contract obligations are met.

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