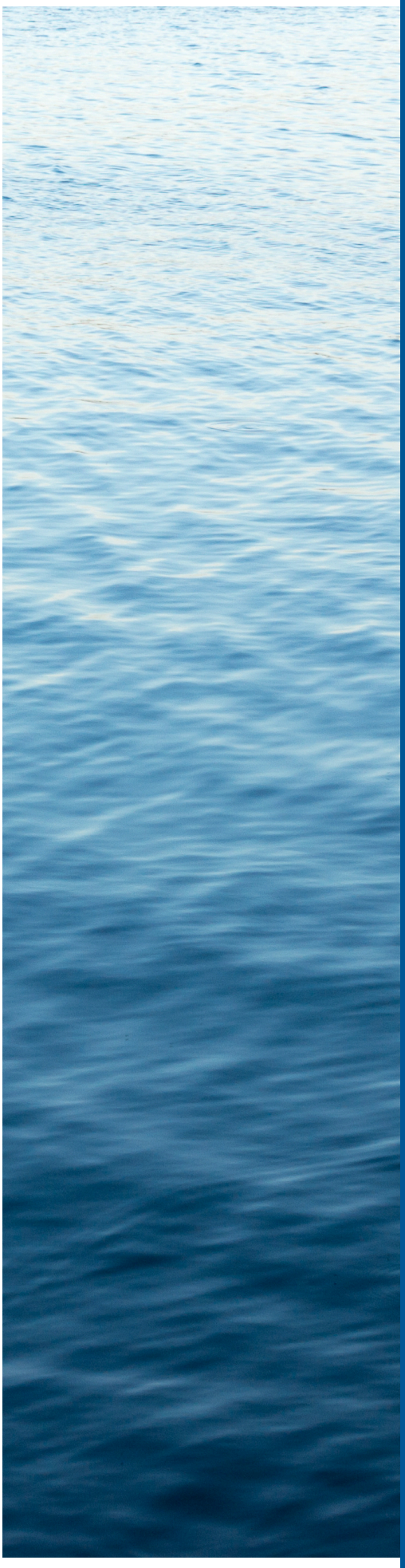


AMERICAN WATER

WE KEEP LIFE FLOWING®

The Community Benefits of Water and Wastewater System Partnerships

Executive Summary

Across the United States, municipal leaders face a common challenge: balancing aging infrastructure needs with growing demands for public services, economic development, public safety and recreation.

For many communities, partnering with a regulated water and wastewater provider has become a strategic tool for addressing those competing priorities. Proceeds generated through water and wastewater system acquisitions can provide financial flexibility that may otherwise take decades to achieve.

Beyond accelerating needed investments in utility infrastructure, transaction proceeds have helped municipalities:

- Retire debt and stabilize municipal finances
- Strengthen emergency response capabilities
- Modernize parks and recreation facilities
- Support downtown revitalization and redevelopment
- Create permanent community investment funds
- Advance public safety initiatives
- Fund flood resilience and infrastructure improvements
- Generate resources for future economic growth
- Reduce long-term liabilities
- Establish reserve funds



Who We Are

American Water is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886 , We Keep Life Flowing by providing safe, clean, reliable and affordable drinking water and wastewater services to approximately 14 million people with regulated operations in 14 states and on 19 military installations.

Investing in Public Safety and Community Well-Being

One of the most consistent outcomes following utility acquisitions is the ability for communities to invest in services that directly impact residents' daily lives.



Long Hill Township, New Jersey

Key Investments:

- Nearly $3 million in emergency response vehicles
- Enhanced first responder capabilities
- Development of a new public park
- Walking trails and public gathering spaces
- Recreational facilities and athletic amenities

Long Hill Township's wastewater system required substantial investment at a time when local officials were working to balance infrastructure needs with broader community priorities. Following a competitive evaluation process, the Township completed the sale of its wastewater utility to New Jersey American Water for approximately $45 million in 2022. The sale provided local leaders with the financial flexibility to eliminate debt, strengthen the Township's balance sheet and accelerate investments in projects that directly benefit residents. The Township was able to deliver these improvements without imposing additional tax burdens.

York, Pennsylvania

Group Violence Intervention Program Highlights

- Approximately 70% reduction in homicides
- More than 60% reduction in non-fatal shootings since 2022

The City of York entered the 2020s facing significant fiscal obligations, aging infrastructure needs and increasing pressure to fund essential municipal services without burdening taxpayers. Following the sale of its wastewater system to Pennsylvania American Water, the City of York utilized approximately $235 million in transaction proceeds to stabilize finances, address legacy obligations and create financial reserves for future community priorities.

The enhanced fiscal flexibility helped support broader community initiatives, including the City's nationally recognized Group Violence Intervention program. While funded through numerous sources, the City's strengthened financial position contributed to its ability to support the program.

This illustrates how utility transactions can contribute to broader community outcomes that extend beyond infrastructure.

Supporting Economic Development and Community Revitalization

Transaction proceeds are often used to attract investment, redevelop underutilized assets and create conditions for long-term economic growth.



McKeesport, Pennsylvania

McKeesport Rising Focuses On:

- Removal of blighted properties
- Redevelopment efforts
- Neighborhood stabilization
- Public infrastructure improvements
- Enhanced public safety investments
- Expanded road paving programs and new paving equipment

For decades, the City of McKeesport faced significant economic and fiscal challenges, including aging infrastructure, population decline and growing demands on municipal resources. In 2023, the city completed the sale of its water and wastewater systems to Pennsylvania American Water in a transaction valued at approximately $156 million, generating an estimated $40 million in net proceeds for the community. City leaders viewed the sale as an opportunity not only to secure long-term utility investment, but also to create new resources to advance economic development, strengthen neighborhoods and improve quality of life for residents.

The City of McKeesport leveraged net proceeds from the sale of its water and wastewater systems to launch the "McKeesport Rising" initiative.

Bellflower, California

Bellflower also leveraged $6.21 million of utility-related funds and associated earnings to acquire strategically located downtown properties intended to:

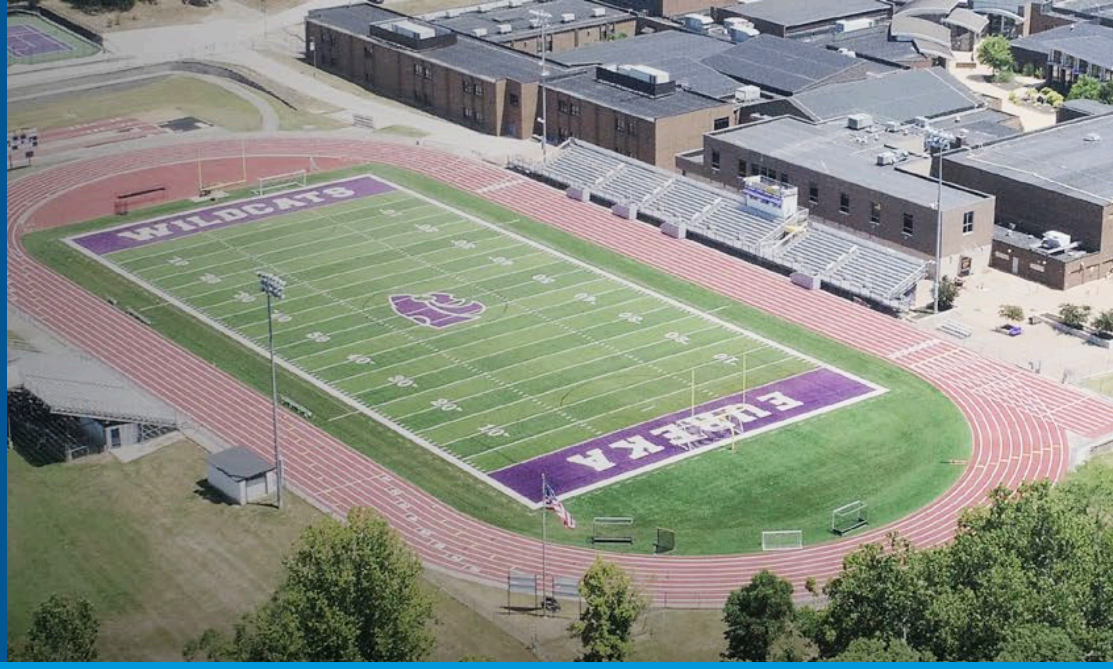
- Support construction of high-quality housing
- Revitalize the City's primary commercial corridor
- Attract new commercial tenants
- Encourage additional private investment
- Generate long-term economic benefits for residents

In 2022, Bellflower completed the sale of its municipal water system to California American Water for $17 million. The sale provided city leaders with a significant source of capital to invest in community facilities, recreational amenities and economic development initiatives designed to strengthen Bellflower's future. Consistent with commitments made during the sale of its municipal water system, approximately $9.96 million in net proceeds were expended or budgeted for investments benefiting residents.

Project	Investment
Oak Center Youth and Senior Center	$4.12 million
Simms Park Field Renovation	$2.00 million
Events Center and Fire Museum	$1.87 million
Aquatic Center Improvements	$1.27 million
Simms Park Community Center Renovation	$700,000

Advancing Infrastructure and Community Resilience

Utility acquisition proceeds can also create opportunities to address infrastructure challenges that extend beyond water and wastewater systems.



Eureka, Missouri

Investments Included:

- A new municipal and public safety building
- Flood protection infrastructure
- Construction of floodwalls
- Pump station improvements
- Stormwater management enhancements
- Watershed resilience projects

The investments are helping protect residents, businesses and critical infrastructure from future flood risks.

Like many growing communities, Eureka faced the challenge of maintaining critical water and wastewater infrastructure while also funding municipal priorities including public safety and flood mitigation. In 2022, the city completed the sale of its water and wastewater systems to Missouri American Water for approximately $28 million. By leveraging the proceeds alongside state and federal funding sources, city leaders were able to accelerate several strategic projects that may otherwise have taken years to fund.



Building Intergenerational Financial Value

Not every community chooses to spend acquisition proceeds immediately. Some elect to create financial assets that benefit future generations.



Butler, Pennsylvania

Additional transaction proceeds supported:

- Public infrastructure improvements
- Street paving programs
- Facility upgrades
- Financial reserve accounts
- Multi-year capital investment planning

The City of Butler viewed its wastewater system sale as an opportunity to address both immediate infrastructure priorities and the long-term financial needs of future generations.

In 2024, Butler Area Sewer Authority completed the sale of its wastewater assets to Pennsylvania American Water for approximately $230 million following strong support from local leadership and extensive public engagement. Rather than focusing solely on near-term spending, city officials developed a strategy that balanced current investments with the creation of a permanent financial resource designed to benefit residents for decades to come. After the sale of its wastewater system, Butler created the **$50 million Butler Legacy Trust**, designed to preserve principal while generating long-term financial returns.

The approach demonstrates how communities can transform a utility transaction into a perpetual community asset.





Conclusion: A Community Decision with Broader Benefits

Every community's priorities are different, but the experiences of municipalities across the country reveal a common theme: when thoughtfully structured, water and wastewater system acquisitions can create opportunities that extend well beyond the utility itself.

Whether the goal is:

- Strengthening municipal finances,
- Reducing debt,
- Enhancing public safety,
- Improving parks and recreation,
- Revitalizing downtown districts,
- Advancing economic development,
- Building resilience,
- Or creating long-term financial resources,

Communities have demonstrated that transaction proceeds can help address local priorities while ensuring continued investment in critical water and wastewater infrastructure.

For municipal leaders evaluating their options, these examples illustrate that a utility transaction is not simply an infrastructure decision—**it can be a broader community development strategy capable of generating benefits for residents today and for generations to come.**



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