

CITY OF ARNOLD

\$13.2 Million Acquisition of Wastewater System



CITY OF ARNOLD

- Population of 20,850
- Located in Jefferson County, part of the St. Louis Metro Area

WASTEWATER SYSTEM

- 7,400 customers
- Collection system only; Metropolitan St. Louis Sewer District treats the wastewater
- 241 miles of wastewater pipe
- 6 pump stations

Challenges

The City of Arnold faced several challenges with their wastewater system. In the 1980s the City agreed to fund a portion of a new wastewater treatment plant with the Metropolitan St. Louis Sewer District (MSD). However, over time the mounting debt from this project caused financial strain for the City. Wastewater rates were intentionally kept lower than neighboring communities, but this meant they could only cover the system's basic operating costs and debt service, not system improvements. City officials would have to significantly raise rates to pay for critical system upgrades to lift stations, manholes and aging clay sewers to address high levels of infiltration and inflow (I&I).

Solution

In May 2014, Arnold met with Missouri American Water to discuss selling their wastewater collection system. City leadership and staff evaluated the potential benefits of a sale for the community. They set priorities of improving the wastewater system's performance, limiting future rate increases, and improving the city's overall financial picture.

In November 2014, 70% of Arnold residents approved the sale of the wastewater system to Missouri American Water for \$13.2 million.

Results

Missouri American Water has invested approximately \$7.7 million to improve the Arnold wastewater system since the acquisition closed in 2015. The company's team of expert wastewater operators and the newly hired employees from the Arnold wastewater system were able to make several key improvements immediately after the sale, including upsizing a major sanitary sewer to decrease the number of back-ups and improve system performance. The City retired its wastewater system debt, added Missouri American Water as a local taxpayer, and used the sale proceeds for local community improvements including better streets and sidewalks.

"All we were doing was maintaining, we weren't fixing the problems... Missouri American Water assured us they would do what they said they would do, and they have. It's been a great relationship and we're certainly very happy that we did it."

– Mayor Ron Counts