



## **CONTRACT OPERATIONS CASE STUDY: HOBOKEN, NEW JERSEY**

### ACTIVIST FICTION

Activists claim Hoboken, New Jersey, is as an example of how water companies “do not adequately invest in infrastructure.” The drinking water system in Hoboken is operated under contract by SUEZ – and groups like Corporate Accountability have falsely blamed the company for the water main breaks that have occurred in the city.<sup>i</sup>

### THE FULL STORY

As multiple news outlets have pointed out, the water infrastructure in Hoboken is very, very old. Nearly 60% of the water system was installed before 1920, and about 25% was put in before 1900, making the water system very susceptible to main breaks.<sup>ii</sup>

Under a previous operations contract agreement between SUEZ and Hoboken, the company was responsible for the management of the drinking water system and was directed to spend \$300,000 per year on infrastructure repairs and replacements.

Over the 20-plus year relationship between SUEZ and Hoboken, the company operated by the terms of the agreement, and often contributed more than required to the water main repair fund. The \$300,000 per year that Hoboken directed SUEZ to spend on infrastructure was barely enough to cover routine repairs and was certainly not enough for the city to undertake the large-scale main replacement projects that are necessary to avoid recurring breaks.

The situation in Hoboken is a reflection of a widespread, serious challenge across the nation – aging water infrastructure is leading to main breaks and leaks, highlighting the need for large-scale reinvestment. Unfortunately, activists routinely fail to recognize or understand this key context and instead create a false narrative to blame private sector system operators that have no control over infrastructure reinvestment decisions.

In addition, activists ignore how SUEZ has recently worked with Hoboken on large-scale capital improvement plans to address the challenges posed by aging infrastructure. In early 2016, the City Council approved a \$5 million replacement of water lines under Washington Street, the city’s main commercial thoroughfare. In addition, under a renewed and expanded contract with SUEZ, the city will complete \$33 million in critical water infrastructure upgrades, including 7,000 linear feet of replacements by summer 2020 as part of a program targeting the most vulnerable areas in the system.<sup>iii</sup>

#### Sources

<sup>i</sup> Corporate Accountability, “Keep corporations out of our water systems” 30 August 2016.

<sup>ii</sup> NJ.com, “Water main break in Hoboken causes road closures, detours” 17 August 2016; NJ.com, “Officials say Hoboken water main break highlights need for overhaul” 14 March 2016; Hudson County View, “UPDATED: After a week of inconveniences, Hoboken sustains another water main break” 30 November 2015; The Wall Street Journal, “Large Water Main Breaks in Hoboken, N.J.” 22 November 2015.

<sup>iii</sup> New Jersey News 12, “Hoboken halfway done with 1st phase of project to replace city’s aging water mains” 21 February 2020; NJ.com, “Hoboken announces renegotiated contract with Suez to operate city’s water system” 12 April 2019.

<sup>iv</sup> NJ.com, “Hoboken announces renegotiated contract with Suez to operate city’s water system” 12 April 2019.

***“This contract with SUEZ provides for unprecedented investments in Hoboken’s water system.” – Hoboken Mayor Ravi Bhalla***