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A campaign of the National Association of Water Companies

## **ACTIVISTS RUSH TO PROTECT FAILING STATUS QUO IN BALTIMORE**

Between 2014 and 2018, as Baltimore faced enormous water infrastructure and operations challenges, city officials considered engaging a professional water company to help improve the performance of the city's water and sewer systems.

Water companies have successfully worked with cities just like Baltimore to address water challenges. For example, in Buffalo, NY, a tailored partnership with a water company was developed to meet the unique needs of the city and its residents, resulting in improved system management, enhanced performance metrics to increase accountability, and additional city revenue.<sup>1</sup>

However, in Baltimore, the question of how professional water companies could help the city deliver safe, reliable drinking water to its residents was hijacked at every turn by ideologues opposed to any private sector involvement in providing water services. Unfortunately for Baltimore residents, activists have fought to protect the failing status quo of poor utility performance, putting residents and public health at risk.



## THE FAILING STATUS QUO

**One thing is clear in Baltimore: the status quo isn't working. The Baltimore water and sewer systems have struggled under city control with everything from poor water quality and chronic main breaks to inaccurate billing and delayed infrastructure investment.**

Under city control, the Baltimore water system has incurred four health violations of the Safe Drinking Water Act since April 2014, exceeding the Maximum Contaminants Levels of the Disinfectants Byproducts Rule each time.<sup>2</sup>

The city reported over 189 million gallons of sewage overflows in 2018 – enough to “fill 285 Olympic sized swimming pools, or half the volume of the Roman Coliseum, full of raw sewage.” The overflows were blamed on inadequate infrastructure and heavy rains, and often caused sewage to back up into city residents' homes and basements.<sup>3</sup>

Overall system performance is deficient, with dozens of old mains breaking during cold weather each winter.<sup>4</sup> Even during warm weather, the system struggles: the Baltimore Department of Public Works interactive map showed 11 main break repairs in progress in August 2018.<sup>5</sup> The Baltimore DPW has stated that water main breaks are “an ongoing, nonstop series of challenges” given the age of the infrastructure in the system.<sup>6</sup>

Meanwhile, throughout 2016, 2017, and 2018, the Baltimore DPW struggled to implement a new billing system for the water utility, leading to thousands of incorrect bills and customer complaints.<sup>7</sup> The city's DPW has become known to ignore customer inquiries on incorrect water bills, leaving customers zero options to dispute billing mistakes and other problems.<sup>8</sup>

In late 2020, following a nine-month investigation, the inspectors general for both the City and County of Baltimore found the water and sewer systems to be “dysfunctional” despite having spent more than \$133 million over the last decade to address ongoing problems. The report points to 22,000 inoperable water meters that have resulted in tens of millions of dollars in lost revenues, as well as a backlog of nearly 12,000 open “tickets” filed by customers over faulty meter readings – 8,195 of which have been open for more than a year. The city's director of public works told the *Baltimore Sun* he was unaware of the backlog.<sup>9</sup>

## SEPARATING FACT FROM IDEOLOGICAL FICTION

**Shouldn't activists work to improve water systems for the benefit of residents? Instead, groups like Food & Water Watch (FWW) and Corporate Accountability have rushed into Baltimore to protect the status quo that is failing city residents.**

These groups have pushed three falsehoods against professional water solutions in Baltimore:

### **1) CLAIM: Water rates would spike under water company operations.<sup>10</sup>**

FACTS: FWW and other anti-private ideological groups push a bogus narrative that rate increases are a water company phenomenon, when in fact rates reflect infrastructure investment. The data clearly shows that rates are going up across the country – for systems owned and operated by water companies as well as those owned and operated by local governments – by about 7% a year as necessary infrastructure upgrades are being made.<sup>11</sup>

*“Food & Water Watch and Corporate Accountability have rushed into Baltimore to protect the failing status quo, putting residents at risk.”*

In fact, Baltimore is a prime example of this. Water bills climbed at least 9% a year from 2009-2018, effectively doubling in that period as the city finally tried to catch up on long-deferred maintenance and infrastructure replacements. Furthermore, in January 2019, the city's spending board approved an additional 30% rate increase to be phased in over three years. In sum, Baltimore water rates have increased 20 times in 21 years under city management. As a city Department of Public Works spokesperson put it: "Things did get away from us. We put low-cost, inexpensive water service ahead of the need to re-invest in that infrastructure, and here we are paying the piper."<sup>12</sup>

## **2) CLAIM: Public works jobs would be cut under a partnership with a water company.<sup>13</sup>**

FACTS: The record shows that local jobs are retained at equal or improved pay – and collective bargaining agreements are respected – when municipalities engage professional water company partners. Public employees in Buffalo, New York; Scranton, Pennsylvania; Long Hill, New Jersey; and countless other municipalities across the country all retained their jobs under engagements with water companies. Notably, FWW repeats this false claim on jobs despite providing zero evidence or support for it.

Furthermore, water companies have stronger safety records than municipal water systems and offer greater opportunities for training and career advancement.<sup>14</sup>

## **3) CLAIM: Partnerships have been used elsewhere and failed.**

FACTS: Municipal partnerships with professional water companies are overwhelmingly renewed, showing a strong record of success. Claims asserting the opposite have been widely debunked.<sup>15</sup> According to data from Public Works Financing, 5,496 private water contracts came up for renewal from 2000-2016 and only 186 contracts reverted to municipal operation in that time, giving water company partnerships a nearly 97% renewal rate.<sup>16</sup>

## **THE UNFORTUNATE RESULT**

A misinformation campaign pushed by radical activists in 2018 convinced Baltimore to adopt a charter amendment to ban any professional assistance with their water and sewer systems.<sup>17</sup>



These activists don't provide answers or options to address water infrastructure challenges; they don't improve water quality and safety; they only block viable solutions, leaving communities holding the bag. As the Baltimore Sun Editorial Board put it after the charter amendment was approved: "What we should not do is pretend that banning privatization actually solves anything."<sup>18</sup>

When professional water companies are eliminated as possible solutions, communities are often left with inadequate options to address their water and wastewater needs. Baltimore should learn a lesson from these other municipalities that rejected private options – and ended up far worse off for it:

- TRENTON, NJ:** FWW points to Trenton as a model city that rejected a partnership with a professional water company much like the ones considered in Baltimore. However, Trenton doesn't have much to celebrate. Since rejecting the partnership, its government-run water utility, Trenton Water Works, has violated the EPA Lead and Copper rule; issued repeated boil-water advisories due to treatment plant malfunctions and filtration problems; and struggled to meet water quality testing requirements. The Trentonian reported in January 2018 that "over the past year, water has turned all colors of the rainbow spectrum – from purple to yellow – and Trenton Water Works could not guarantee to its customers that the water was safe to drink because a broken filter went undetected for a three-month period." State officials have noted the utility's "continued failure" to fix operational, water quality and staffing issues at the water department, ultimately leading the New Jersey Attorney General to sue the city in June 2020 for refusing to "take the necessary steps to address serious shortcomings in the water system." Yes, that's right – this is the same water utility that FWW points to as a model simply because it is run by the government instead of a water company.<sup>19</sup>
- ALLENTOWN, PA:** In 2012, Allentown, Pennsylvania, solicited bids from nine entities to lease the local water and sewer systems for 50 years. Food & Water Watch convinced the city to reject the bids of several water companies and instead select a \$211.3 million deal with the Lehigh County Authority (LCA), a neighboring government agency. LCA took control of the Allentown systems in August 2013. However, it wasn't long before the deal experienced "unexpected financial strain," leading to years of legal disputes over rate increases that LCA argued were necessary to fund tens of millions in EPA-mandated improvements to reduce sewer overflows. The troubled deal and expensive lawsuits took their toll: citing the disputes and the city's "weakened financial position," Standard & Poor's downgraded Allentown's bond rating in October 2018. The city and LCA eventually settled the lawsuits in 2020, resulting in rate increases for customers. Meanwhile, after following Food & Water Watch nearly a decade ago, Allentown residents are still stuck with a system that regularly spills millions of gallons of sewage into local waterways as they continue to wait for a credible, sustainable, long-term solution to their water infrastructure challenges.<sup>20</sup>
- SUSSEX BOROUGH, NJ:** In 2014, the township of Sussex Borough, NJ, solicited and considered bids from professional water companies for the sale of its water and wastewater systems. Selling the systems would have eliminated \$8 million in debt and enabled an experienced, professional water company to finance and manage much-needed infrastructure projects to improve water quality. Ideologues rallied residents against the sale, helping to defeat it. Since then, the Borough has struggled with water quality, with residents complaining that their water was cloudy and brown and the Borough incurring dozens Safe Drinking Water Act violations and more than 60 EPA Enforcement Actions since rejecting the sale of the systems. The mayor has blamed aging infrastructure for the challenges: "The Borough has a public plant and lacks the money for upgrades ... We're stuck between the rock of aging infrastructure and the hard spot of high rates already."<sup>21</sup>

## THE BOTTOM LINE

Professional water companies offer proven solutions to help communities address infrastructure and affordability challenges. The complex water and sewer system problems that Baltimore must confront are significant and demand that the city base its decisions on facts – not erroneously restrict options based on misinformation.

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