



**TRUTH FROM
THE TAP**

THE TRUTH ABOUT PRIVATE WATER IN INDIANAPOLIS, IN

In 2002, Indianapolis signed a 20-year, \$1.5 billion deal with Veolia to manage the city's water system. At the time, the contract was the largest for Veolia in the United States. However, the two sides agreed to end the deal in 2010, with the city selling the water and sewer systems to the non-profit Citizens Energy Group.

ACTIVIST FICTION

Food & Water Watch (FWW) said the experience in Indianapolis “illustrates why the movement to stop the privatization of water is gaining momentum around the world.”¹ FWW, along with other critics of private water, made assertions across a range of topics from employee benefit cuts to federal investigations. FWW and other critics have repeated false claims about Indianapolis in at least five reports or case studies since 2009.

THE REAL STORY

Despite what critics claimed, employees saw no benefit cuts, three-fourths of customers said they were totally or mostly satisfied with their service in an independent survey and the federal investigation resulted in no charges. Indianapolis is an important illustration of how critics ignore facts and misrepresent the truth when describing the record of private water.

EMPLOYEE BENEFITS

Critics claim that, under Veolia's operation, employees saw benefit cuts that would cost more than \$50 million over 25 years.² The city attorney, however, called these allegations “simply not true” and reported that total compensation actually increased under Veolia.³ Further, an independent city audit confirmed that both salary and benefits increased under Veolia's watch.⁴ In addition, Veolia made payouts of more than \$4 million to compensate workers for lost vacation and sick time after taking over management of the system.⁵

QUALITY OF SERVICE

Critics say that within a year of signing Veolia's \$20 million deal, thousands of Indianapolis residents experienced billing problems and consumer complaints more than doubled.⁶ However, the billing problems were related to a software issue that Veolia inherited from the previous system manager. In fact, city officials went on record and agreed, “the billing problems would have occurred even if [Veolia] had not come on board.”⁷ As for customer complaints, an independent survey of customers conducted for the city's Department of Waterworks found that nearly three-fourths of respondents were totally or mostly satisfied with Veolia.⁸

Further, when residents tried to file a class action lawsuit, claiming unfair billing practices and overcharging, the Superior Court dismissed the suit as frivolous.⁹ Critics frequently mention the class action lawsuit in their materials, but fail to note that it was dismissed as frivolous.

JOBS

Critics try to blame Veolia for job cuts, but fail to mention that Citizens Energy eliminated hundreds of jobs, made cuts to worker benefits and suspended Veolia's pension and retirement plans after taking over in 2010.¹⁰

FEDERAL INVESTIGATION

Critics reference a 2005 federal subpoena of four Veolia managers as part of an investigation into allegations of falsified water quality reports.¹¹ However, critics conveniently fail to mention that the informal investigation by the U.S. Attorney's Office resulted in no charges being filed.¹²

INDIANAPOLIS REALITY

Critics fail to note that after exiting the Veolia contract, the Indianapolis water system experienced job cuts, worker benefit cuts and rate hikes under Citizens Energy. Within three years of the deal being completed, Citizens Energy sought to increase water bills by 10 percent and sewer bills by 47 percent even though the "non-profit" utility turned a \$53 million profit.¹³

1 Food and Water Watch, "Suez Environment's Service Problems in the U.S." June 4, 2010.

2 Food and Water Watch, "Veolia Water North America: A Corporate Profile," August 2013.

3 "Employee benefit assessments paint different pictures," Indianapolis Business Journal, 8/4/03.

4 Ibid.

5 Ibid; "Water workers sue over benefit cuts," The Indianapolis Star, 8/30/02.

6 Food and Water Watch, "Veolia Water North America: A Corporate Profile," August 2013.

7 "Water workers sue over benefit cuts," The Indianapolis Star, 8/30/02.

8 "Indianapolis Water Company sees complaints rise after takeover," The Indianapolis Star, 2/27/03.

9 Bond, Lear and Bridges v. Veolia Water Indianapolis, Court of Appeals of Indiana No. 49A02-1202-CC-147.

10 "Citizens Energy Exec Enjoys Big Pay Boost," Indianapolis Business Journal, 12/17/12.

11 Food and Water Watch, "Veolia Water North America: A Corporate Profile," August 2013.

12 "State begins informal probe of complaints by water users," The Indianapolis Star, 4/27/08.

13 "Indy Water and Sewer Rate Hikes Sought," The Bond Buyer, 2/27/13.