



**TRUTH FROM  
THE TAP**

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# THE TRUTH ABOUT PRIVATE WATER IN ATLANTA, GA

In 1999, the Atlanta City Council signed a 20-year, \$428 million contract with United Water to operate Atlanta's water system. However, by 2003, the two parties ended the engagement after a string of disputes.

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## ACTIVIST FICTION

Food & Water Watch (FWW) calls the Atlanta experience "a warning to communities about what can go wrong when private interests take over public water services" and claims that the partnership resulted in lost jobs, declining water quality, higher rates, backlogged maintenance and unrealized cost savings. FWW and other critics have repeated false claims about Atlanta in at least six reports or case studies since 2009.

## THE REAL STORY

Despite what critics have claimed, the system had no water quality issues and no public employees lost their jobs because of private operation. Critic claims about maintenance backlogs and cost savings don't tell the full story. In addition, activist groups ignore the problems that Atlanta has faced since the water system moved back under public operation. Atlanta is an important illustration of how critics ignore facts and misrepresent the truth when describing the record of private water.

## JOBS

The contract with United guaranteed jobs with wages and benefits equal to or exceeding those offered under public operation.<sup>1</sup> In addition, employees were trained in new skills and more than 6,500 staff training hours were provided in the first year of United's contract.<sup>2</sup> Further, since taking back control of the water system, the city has maintained the same staffing levels as United Water.<sup>3</sup>

## RATES

FWW and other critics ignore the fact that water rates have increased significantly under city control. In 2001, under United's management, a household using 15,000 gallons of water per month was charged \$177.22 for water and sewer.<sup>4</sup> Now in Atlanta, that same household is charged \$412.92, greatly outpacing the rate of inflation.<sup>5</sup> Between 2001 and 2012, Atlanta's rates increased 233 percent, the largest rate spike of any city in the U.S.<sup>6</sup> As of 2011, Atlanta had the highest water rates in the United States.

## MAINTENANCE

Critics fail to note that the water system United inherited in 1999 was in much greater disrepair than the city had disclosed. For example, in its contract with United, the city estimated that 1,171 water meters per year would require repairs.<sup>7</sup> By contrast, in the first year of the contract, 11,108 meters broke.<sup>8</sup> United repaired more than 36,000 meters between 1999 and 2002, 889 percent more meters than the city included in the contract.<sup>9</sup> Further, a performance review of United, undertaken at the request of the city, resulted in scores averaging 97 out of 100, another fact that critics ignore.<sup>10</sup>

## WATER QUALITY

Critics cite boil water alerts as evidence of United providing unsafe water. However, a 2002 letter from the Georgia Department of Natural Resources to the mayor of Atlanta confirmed that the alerts were caused by events completely beyond United's control.<sup>11</sup> Further, the EPA does not list any water quality violations for Atlanta between 1998 and 2002 while the system was under United's management, but there have been two violations where water contaminants exceeded safety standards since the city took back control.<sup>12</sup>

## PROJECTED SAVINGS

United initially projected it could save \$52.9 million in the first three years of operation, though the actual savings turned out to be \$29.4 million. However, a city audit found that the main reason for the discrepancy in savings was that the city had cut operating costs during the two years leading up to the new contract.<sup>13</sup> The audit concluded that, had the city given United better information on staffing and expenditure reductions in the first place, the company would have altered its initial estimate of projected savings.<sup>14</sup>

## ATLANTA TODAY

Now back under public control, Atlanta's water system has been plagued with problems, from skyrocketing water rates to faulty meters and erratic billings. As of 2011, Atlanta had the highest water rates of any major U.S. city, and inconsistent and incorrect billings have even led to a class-action lawsuit against the city.<sup>15</sup>

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1 "US Conference of Mayors Best Practice Recognition: City of Atlanta and United Water Services Atlanta, Press Release, Accessed 2/13/15.

2 Ibid.

3 "Atlanta terminates contract with Suez," Global Water Intelligence, Vol 4, Issue 2, 2/2003; "Atlanta may throw out private water utility operator," Atlanta-Journal Constitution, 1/19/03.

4 "Nation's water costs rushing higher," USA Today, 9/27/12; "50 Largest Cities Water/Wastewater Rate Survey," Black & Veatch, 2012-2013.

5 Atlanta Department of Watershed Management Bill Calculator, Accessed 4/22/14.

6 "Skyrocketing water bills mystify, anger residents," CNN.com, 3/2/11; "Nation's water costs rushing higher," USA Today, 9/27/12; clatl.com, 9/28/12 and "USA TODAY analysis: Nation's water costs rushing higher," USA Today, September 27, 2012.

7 Geoffrey Segal, "The Atlanta Privatization: What Can We Learn?" Georgia Public Policy Foundation, 1/21/03.

8 Ibid.

9 Ibid.

10 "Atlanta terminates contract with Suez," Global Water Intelligence, Vol 4, Issue 2, Feb. 2003.

11 Letter, Georgia Department of Natural Resources to Atlanta Mayor Shirley Franklin, 10/11/02.

12 EPA Safe Drinking Water Information System, Accessed 2/13/15.

13 "Performance Audit: Analysis of City Savings from Private Operation and Maintenance of the Water System," Office of the City Internal Auditor, Jan. 2003.

14 Ibid.