



THE TRUTH ABOUT PRIVATE WATER IN ATLANTA, GA

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

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

RATES: FWW and other activists denounce the rate increases that occurred under private operation but ignore the significant rate increases that have occurred more recently under government operation. In 2001, under United Water management, a household using 15,000 gallons of water per month was charged \$177.22 for water and sewer.⁴ By 2012, after 10 years of government management, that same household was being charged \$412.92, an increase that greatly outpaced the rate of inflation.⁵ Between 2001 and 2012, Atlanta's rates increased 233 percent, giving the city the highest water rates in the country.⁶ The city plans to maintain these rates through 2020 only because voters approved a special 1% sales tax in March 2016 to provide dedicated funding to water and sewer infrastructure.⁷ If the tax had failed at the ballot, rates would have gone up an additional 30%.

MAINTENANCE: Critics ignore how the water system United Water inherited was in much greater disrepair than the city had disclosed during contract bidding and negotiations. The company inherited a backlogged list of nearly a thousand requested pipe repairs when it took control of the

system in 1999.⁹ In addition, the city hadn't kept records to establish how many repairs needed to be made in an average year, resulting in the contract grossly underestimating repair needs across the board.¹⁰ For example, in its contract with United Water, the city estimated that 1,171 water meters per year would require repairs.¹¹ By contrast, in the first year of the contract, 11,108 meters broke.¹² United Water repaired more than 36,000 meters between 1999 and 2002, a whopping 889 percent more repairs than the city included in the contract.¹³ Similarly, the contract also severely underestimated the number of repairs needed for water mains and fire hydrants.¹⁴

WATER QUALITY: Critics cite boil water alerts as evidence of United Water 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 Water's control.¹⁵ Further, the EPA does not list any drinking water quality violations for Atlanta between 1998 and 2002 while the system was under United Water management, but there have been two violations where contaminants exceeded safety standards since the city took back control.¹⁶

PROJECTED SAVINGS: United Water 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.¹⁷ Furthermore, the audit concluded that, had the city given United Water better information on staffing and expenditure reductions in the first place, the company would have altered its initial estimate of projected savings.¹⁸

ATLANTA TODAY: Now back under public control, Atlanta's water system has experienced a variety of issues. After missing its 2014 deadline for infrastructure repairs and upgrades as mandated by an EPA consent decree, the city was forced to negotiate a 13-year extension with a federal judge.¹⁹ Recent audits have shown billions of gallons of unaccounted for, "non-revenue" water being lost to leaks in the system²⁰ and inconsistent and incorrect billings have led to a class-action lawsuit against the city.²¹

Sources

¹US Conference of Mayors Best Practice Recognition: City of Atlanta and United Water Services Atlanta, Press Release, Accessed 13 February 2015.

²US Conference of Mayors Best Practice Recognition: City of Atlanta and United Water Services Atlanta, Press Release, Accessed 13 February 2015.

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

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

⁵Atlanta Department of Watershed Management Bill Calculator, Accessed 22 April 2014.

⁶CNN.com, "Skyrocketing water bills mystify, anger residents" 2 March 2011; USA Today, "Nation's water costs rushing higher" 27 September 2012; USA Today, "USA TODAY analysis: Nation's water costs rushing higher" 27 September 27 2012.

⁷Atlanta Business Chronicle, "Atlanta voters approve tax for water, sewer" 2 March 2016.

⁸Atlanta Business Chronicle, "Atlanta voters approve tax for water, sewer" 2 March 2016.

⁹Atlanta Journal-Constitution, "Getting Quick Action on Leak Just a Pipe Dream in Highland Park" 27 March 1998.

¹⁰Atlanta Journal-Constitution, "Atlanta Should Keep Water Deal" by Jim Wooten, 24 September 2002; via Skye Borden, "Thirsty City: Politics, Greed, and the Making of Atlanta's Water Crisis" SUNY Albany Press, 2015.

¹¹Geoffrey Segal, "The Atlanta Privatization: What Can We Learn?" Georgia Public Policy Foundation, 21 January 2003.

¹²Geoffrey Segal, "The Atlanta Privatization: What Can We Learn?" Georgia Public Policy Foundation, 21 January 2003.

¹³Geoffrey Segal, "The Atlanta Privatization: What Can We Learn?" Georgia Public Policy Foundation, 21 January 2003.

¹⁴Atlanta Journal-Constitution, "Atlanta Should Keep Water Deal" by Jim Wooten, 24 September 2002; via Skye Borden, "Thirsty City: Politics, Greed, and the Making of Atlanta's Water Crisis" SUNY Albany Press, 2015.

¹⁵Georgia Department of Natural Resources Letter to Atlanta Mayor Shirley Franklin, 11 October 2002.

¹⁶EPA Safe Drinking Water Information System, Accessed 13 February 2015.

¹⁷"Performance Audit: Analysis of City Savings from Private Operation and Maintenance of the Water System," Office of the City Internal Auditor, January 2003.

¹⁸"Performance Audit: Analysis of City Savings from Private Operation and Maintenance of the Water System," Office of the City Internal Auditor, January 2003.

¹⁹WXIA NBC Atlanta, "What we know about Atlanta's new Watershed Commissioner" 1 June 2016.

²⁰WXIA NBC Atlanta, "Why is Atlanta losing billions of gallons in water each year?" 3 October 2016.

²¹CNN.com, "Skyrocketing water bills mystify, anger residents" 2 March 2011.