



THE TRUTH ABOUT PRIVATE WATER IN GARY, IN

In 1998, the Gary Sanitary District (GSD) awarded a 10-year, \$95 million contract to United Water (now SUEZ NA) to operate the city's wastewater treatment facility and sewage collection system. When the contract expired in 2008, GSD and United Water agreed to extend the contract for five additional years. However, in 2010, the two parties ended the engagement.

ACTIVIST FICTION

Activists like Food & Water Watch (FWW) claim that the experience in Gary “underscores how a private water company can prioritize profits over human and environmental health.”¹ Along with blaming United Water for infrastructure disrepair, FWW also claimed that the city could operate the sewage system at half the cost. Critics are also quick to mention a federal indictment accusing United Water of manipulating wastewater quality tests without mentioning the results of the subsequent proceeding. FWW and other critics have repeated false claims about Gary in at least six reports or case studies since 2009.

THE REAL STORY

Despite what critics have claimed, moving to government operation did not save the city money in 2012. Further, the problems that critics pinned on United Water were due to the age of the city's water lines and the results of a necessary 5-year cleaning project. In addition, regarding the federal indictment, United Water was acquitted of all alleged charges in U.S. District Court. The jury found that United Water conducted proper testing and actually kept more documentation than legally required. Gary is a prime illustration of how critics ignore facts and misrepresent the truth when describing the record of private water.

COSTS: According to the 2012 Financial Statement and Federal Single Audit Report submitted to the State of Indiana by the City of Gary, under government control the wastewater treatment and sewage systems had operating expenses of \$15.7 million in 2012.² Compared to the 5-year, \$54 million agreement with United Water (\$10.8 million per year), costs effectively increased by \$5 million per year when the city took over operations.³

INFRASTRUCTURE: Critics blame United Water for more than 80 sewer line cave-ins between 2003 and 2007.⁴ However, according to the Gary Sanitary District attorney, the cave-ins were actually due to the age of the city's lines and a necessary 5-year sewer-cleaning project that ended in 2007, not because of neglect by United Water.⁵ The sanitary district attorney said at the time, “The only thing that was holding [the oldest] sewers together was the goop that was in them.”⁶

LEGAL: On November 9, 2012, United Water was acquitted of all 26 alleged charges in U.S. District Court.⁷ The jury found that United Water conducted proper water testing and, in fact, kept more documentation than required by law. While critics say that United Water lowered chlorine to unsafe levels, the jury found that chlorine levels were both raised and lowered per normal operating procedures based on the flow of water throughout the day.⁸

GARY REALITY: Before United Water took over operation in 1998, an EPA environmental engineer called the Gary Sanitary District the “most poorly operated sewage facility in the Midwest.”⁹ Further, the EPA considered the system in compliance before United Water began operations.¹⁰ Just one year later, United’s partnership with Gary received the U.S. Conference of Mayor’s Outstanding Achievement Award.¹¹ When the contract was renewed in 2008, the president of the Gary Sanitary District said, “This public-private partnership has served Gary area residents well. ... We have made tremendous strides working with United Water during the past decade.”¹²

Sources

¹Food & Water Watch, “United Water Can’t be Trusted” March 2012.

²2012 Financial Statement and Federal Single Audit Report, City of Gary, filed 30 September 2013.

³ 2012 Financial Statement and Federal Single Audit Report, City of Gary, filed 30 September 2013; United Water, Press Release, 27 May 2008.

⁴ Food & Water Watch, “United Water: A Corporate Profile” July 2013

⁵The Post-Tribune, “Gary makes new push for sewer repair” 10 February 2008; Gary Sanitary District & Gary Storm Water Management District Report of the Fiscal Monitor, January 2010.

⁶The Post-Tribune, “Gary makes new push for sewer repair” 10 February 2008; Gary Sanitary District & Gary Storm Water Management District Report of the Fiscal Monitor, January 2010.

⁷Associated Press, “Company cleared of NW Ind. Water test tampering” 10 November 2012; NWI Times, “Water company plant contractor, employees found not guilty in Gary wastewater treatment case” 19 November 2012.

⁸ Associated Press, “Company cleared of NW Ind. Water test tampering” 10 November 2012; NWI Times, “Water company plant contractor, employees found not guilty in Gary wastewater treatment case” 19 November 2012.

⁹Chicago Sun-Times, “U.S. rips Gary sewage system, seeks big fine” 27 September 1989.

¹⁰United Water, Press Release, 27 May 2008.

¹¹United Water, Press Release, 7 April 1999.

¹²United Water, Press Release, 27 May 2008.