



# THE TRUTH ABOUT PRIVATE WATER IN PITTSBURGH, PA

From 2012 to 2015, the Pittsburgh Water and Sewer Authority (PWSA) maintained a peer consulting arrangement with Veolia, where a small group of Veolia employees worked alongside more than 200 PWSA employees to improve the day-to-day operation of the authority and share industry best practices.<sup>1</sup> During the short consulting engagement, Veolia helped PWSA realize approximately \$5.5 million in annual savings.<sup>2</sup>

## ACTIVIST FICTION

Corporate Accountability International (CAI) claims that Veolia “managed” the PWSA and explicitly blames the company for elevated lead levels in city water.<sup>3</sup> CAI and other activists have repeated false claims about the situation in Pittsburgh in multiple reports, blog posts and other published materials.<sup>4</sup>

## THE REAL STORY

Activists’ claims about Veolia’s role in Pittsburgh ignore basic, well-documented facts. Pittsburgh is just the latest illustration of how anti-private activists misrepresent the truth when discussing the record of private water.

**The Contract Between Veolia and PWSA:** Activist errors and misrepresentations begin with the most basic facts about the engagement between Veolia and PWSA. Veolia did not assume control over PWSA. The contract explicitly defined a limited consulting arrangement, where PWSA retained decision-making authority over operations, maintenance, capital spending and staffing.<sup>5</sup> As the contract states:

*“[T]he Authority will at all times be ultimately responsible for operation and maintenance of its facilities, including: Ultimate responsibility for compliance with all applicable permits, authorizations, consent decrees, regulations, and all other laws at the facilities ... Operations, maintenance, capital improvements related to facilities; Purchase of equipment, supplies, chemicals, utilities, and any other costs associated with the operation, maintenance, or capital improvements of its facilities; Ultimate responsibility for all PWSA employees and subcontractors and direct management of union employees; and Employment of all operations and maintenance (O&M) staff and other employees at the Authority’s facilities.”<sup>6</sup>*

Activists’ claims that Veolia “managed” PWSA, its facilities and staff directly contradicts the terms explicitly laid out in the contract.

**Corrosion Control Changes:** Despite the contract clearly stating that PWSA retained decision-making authority over its operations, activists erroneously claim that Veolia made the decision to change PWSA’s corrosion control chemicals in 2014.<sup>7</sup> As Veolia pointed out in its March 2017 letter to the Pittsburgh City Controller, email correspondence from PWSA water treatment staff clearly shows that PWSA employees made the decision to switch from soda ash to caustic soda for corrosion control, and Veolia was not involved in the decision.<sup>8</sup> Furthermore, in making the change, PWSA also did not notify or seek approval from the Pennsylvania Department of Environmental Protection (DEP) as required by state law.<sup>9</sup> According to a [Pennsylvania DEP investigation](#), the change in corrosion-control methods was made by PWSA staff “due to difficulty with an obsolete soda ash feeder.”<sup>10</sup>

**Elevated Lead Levels:** Activists also claim that the change in corrosion control directly resulted in elevated lead levels in city water. Activists repeat this claim despite the state Department of Environmental Protection reporting in April 2016 that the corrosion control change did not affect lead levels in the water.<sup>11</sup>

Attempts by activists to connect Veolia to elevated lead levels in Pittsburgh are nothing more than scapegoating. Pittsburgh's history of elevated and increasing lead levels dates back over a decade, well before Veolia began its consulting engagement with PWSA.<sup>12</sup> Public statements by Pittsburgh officials reflect this fact. PWSA Board Chairman Alex Thomson told the [Pittsburgh Tribune-Review in October 2016](#), "Veolia's not responsible for the lead issue PWSA has. These lead issues are the result of the fact we have 75- to 100-year-old infrastructure."<sup>13</sup> Mayor Bill Peduto [said in July 2016](#) that the elevated lead levels were "expected" as lead levels had been increasing steadily for several years.<sup>14</sup>

**Performance Metrics:** Activists extend their erroneous statements even further, claiming that the lead challenges in Pittsburgh are due to Veolia's pursuit of financial gain. Activists argue that since Veolia's contract with PWSA gave the company 50 percent of "savings" realized, Veolia "exposed Pittsburgh residents to elevated lead levels to increase its own profits."<sup>15</sup> Once again, these activists ignore basic facts in making this claim. While it is true that the contract included performance-based compensation for Veolia, none of the metrics determining this compensation were at all related to water treatment or corrosion-control decisions.<sup>16</sup> After all, the contract terms explicitly stated that PWSA retained decision-making authority over operations.<sup>17</sup> If PWSA realized savings through a change in water treatment or corrosion-control methods, none of that savings would have been passed on to Veolia.<sup>18</sup>

**Pittsburgh Today:** Today, Pittsburgh officials try to skirt responsibility for their troubled, government-operated water and sewer authority. In addition to the lead issues, PWSA's other problems include \$1 billion in total debt and two consecutive years of running a deficit; deferred investment in infrastructure, with an average water mainline age of over 70 years and some infrastructure dating to the 19th century; a massive boil-water advisory in early 2017 due to inadequate chlorination; longstanding billing and customer service issues; and recurring water mainline breaks leading to millions of dollars in lost water and repair costs.<sup>19</sup>

Still, despite all of these issues, it is shocking that critics and activists argue that the status quo of continued public operation is the right way forward for PWSA, and that private water solutions including privatization or an operations partnership should not be considered by the city.<sup>20</sup>

#### Sources

<sup>1</sup>Veolia North America Statement, 12 October 2016.

<sup>2</sup>Veolia North America Statement, 26 April 2016.

<sup>3</sup>Corporate Accountability International, "Lead Astray" June 2016; Corporate Accountability International, "VEOLIA IN THE DRIVER'S SEAT OF PITTSBURGH WATER FAILURES" 13 September 2016; Corporate Accountability International, "POISONED WATER IN PITTSBURGH" 7 April 2017; Huffington Post Contributor Piece – Donald Cohen, "Flint and Pittsburgh have more in common than lead in their water" 10 March 2017.

<sup>4</sup>Corporate Accountability International, "Lead Astray" June 2016; Corporate Accountability International, "VEOLIA IN THE DRIVER'S SEAT OF PITTSBURGH WATER FAILURES" 13 September 2016; Corporate Accountability International, "POISONED WATER IN PITTSBURGH" 7 April 2017; Huffington Post Contributor Piece – Donald Cohen, "Flint and Pittsburgh have more in common than lead in their water" 10 March 2017.

<sup>5</sup>Pittsburgh Water and Sewer Authority, "Agreement for Interim Management Services," July 2012.

<sup>6</sup>Pittsburgh Water and Sewer Authority, "Agreement for Interim Management Services," July 2012.

<sup>7</sup>Corporate Accountability International, "Lead Astray" June 2016; Corporate Accountability International, "VEOLIA IN THE DRIVER'S SEAT OF PITTSBURGH WATER FAILURES" 13 September 2016; Corporate Accountability International, "POISONED WATER IN PITTSBURGH" 7 April 2017; Huffington Post Contributor Piece – Donald Cohen, "Flint and Pittsburgh have more in common than lead in their water" 10 March 2017.

<sup>8</sup>Veolia Letter to Michael E. Lamb, City Controller, "Re: PWSA Performance Audit" 30 March 2017.

<sup>9</sup>Pennsylvania Department of Environmental Protection, "Actions Related to Pittsburgh Water and Sewer Authority," 25 April 2016.

<sup>10</sup>Pennsylvania Department of Environmental Protection, "Actions Related to Pittsburgh Water and Sewer Authority," 25 April 2016.

<sup>11</sup>Pittsburgh Post-Gazette, "State cites Pittsburgh water authority for unapproved modifications" 25 April 2016; Pennsylvania Department of Environmental Protection, "Actions Related to Pittsburgh Water and Sewer Authority," 25 April 2016.

<sup>12</sup>Allegheny Tribune, "Lead levels in PWSA drinking water samples exceed EPA threshold" July 12, 2016.

<sup>13</sup>Pittsburgh Tribune-Review, "Pittsburgh Water & Sewer files lawsuit against former management firm" 12 October 2016.

<sup>14</sup>Allegheny Tribune, "Lead levels in PWSA drinking water samples exceed EPA threshold" July 12, 2016.

<sup>15</sup>Corporate Accountability International, "Lead Astray" June 2016.

<sup>16</sup>Veolia North America Statement, 12 October 2016; Pittsburgh Water and Sewer Authority, "Agreement for Interim Management Services," July 2012.

<sup>17</sup>Pittsburgh Water and Sewer Authority, "Agreement for Interim Management Services," July 2012.

<sup>18</sup>Veolia North America Statement, 12 October 2016; Pittsburgh Water and Sewer Authority, "Agreement for Interim Management Services," July 2012

<sup>19</sup>Pittsburgh Post-Gazette, "City Council unites to request state reviews of PWSA" 2 February 2017; Pittsburgh Tribune-Review, "Tough choices for PWSA" 6 April 2017.

<sup>20</sup>Pittsburgh Post-Gazette, "City to turn to advisory panel to study water, sewer issues" 3 February 2017.