



**TRUTH FROM  
THE TAP**

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# **FACT CHECKING FOOD & WATER WATCH CLAIMS ABOUT PRIVATE WATER COMPANIES**

Food & Water Watch (FWW) launched in 2005 as a spin-off from Ralph Nader's activist group Public Citizen. FWW is an advocacy and lobbying group based in Washington, D.C., with ties to international activist groups and environmental extremists. Since its founding, FWW has targeted private water companies in its publications and through political activism. FWW positions itself as an independent public resource on water, but in reality, the organization simply pushes ideologically driven arguments and gets basic facts wrong.

Interested parties should review FWW materials carefully before accepting their conclusions at face value. As the following examples demonstrate, FWW repeatedly relies on biased reports, misrepresents events, and ignores key facts. These shortcomings render FWW case studies and other materials essentially useless as a tool for evaluating proposals to improve water delivery services in local communities nationwide.

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Examples of the many errors and omissions FWW routinely makes in its publications include:

## **FOOD & WATER WATCH RELIES ON PARTIAL TIMELINES AND IGNORES EVENTS THAT DON'T FIT ITS STORY LINES.**

### **CAVE CREEK, AZ**

FWW criticized private operations, claiming "the town saved money after bringing its water and wastewater treatment services into public hands" in 2008. Note the year: 2008.<sup>1</sup> By the spring of 2009, however, the publicly controlled utility doubled water rates and increased sewer rates 36 percent after running a \$2.6 million deficit in its first year of operation.<sup>2</sup> FWW has repeated this misleading partial chronology about Cave Creek in several publications, including a December 2013 report which is still on the FWW website.

## ATLANTA, GA

FWW released a case study about Atlanta in 2009 that included the assertion that the private operator raised water rates each year of its operation between 1999 and 2002.<sup>3</sup> But according to a USA Today analysis, after the public operator took back control, water rates in Atlanta grew 233 percent between 2001 and 2012 - the largest rate spike in the nation during that period.<sup>4</sup> In fact, a typical Atlanta household's water bill skyrocketed by nearly \$220 per month under public operation.<sup>5</sup> By 2011 - after nine years of public operation - Atlanta had the highest water rates of any major city in the United States.<sup>6</sup> None of these facts have resulted in changes to FWW's case study. In fact, FWW continues to cite this misleading partial chronology in at least three reports and fact sheets currently posted to its website.

## FELTON, CA

FWW praised residents for ousting their private water operator in 2008 due to a proposed rate increase.<sup>7</sup> But what has happened since 2008? The public operator has raised rates four times in its first six years of operation - and plans to raise rates further in 2015 and 2016.<sup>8</sup> By 2016, water rates in Felton will have doubled under eight years of public operation.<sup>9</sup> FWW released a report on Felton in 2013, but did not include any of this relevant information about rate increases under public operation.

## **FOOD & WATER WATCH RELIES ON CHERRY-PICKED EVIDENCE AND IGNORES INDEPENDENT ANALYSES THAT ARE CONTRARY TO ITS PERSPECTIVE, INSTEAD OF PRESENTING THE WHOLE PICTURE.**

## INDIANAPOLIS, IN

When claiming that a public-private water operation resulted in \$50 million in lost benefits for non-union employees in Indianapolis, FWW quoted a worker-commissioned study.<sup>10</sup> Meanwhile, FWW ignored the independent City of Indianapolis' audit of the same contract, which found that total compensation actually increased.<sup>11</sup> At the time, the city attorney said of FWW's claims, "It is simply not true that the employees lost \$50 million."<sup>12</sup>

## **FOOD & WATER WATCH ROUTINELY IGNORES ESSENTIAL AND WELL-DOCUMENTED FACTS AND MISREPRESENTS INDEPENDENT RESEARCH.**

## ATLANTA, GA

FWW criticized the performance of a private water operator in Atlanta by calling attention to unfulfilled work orders.<sup>13</sup> A critical point FWW fails to note is that the water system was in far greater disrepair than the city disclosed to the private operator during contract negotiations.<sup>14</sup> For instance, in contract negotiations, the city stipulated an assumption that 1,171 water meters per year would break, requiring repairs. However, in just the first year of the contract, 11,108 water meters broke.<sup>15</sup> The same issue of unexpected repair also occurred with water mains and fire hydrants, leaving the private operator with a need to complete three to eight times more repairs per year than estimated under the contract.<sup>16</sup>

## **FOOD & WATER WATCH MISREPRESENTS PUBLIC OPINION REGARDING PRIVATE OPERATIONS.**

## NEW ORLEANS, LA

According to FWW, a private operator's contract bid in New Orleans was "snubbed because of public outrage."<sup>17</sup> FWW claimed that the Sewerage and Water Board rejected the private operator's proposal due to "[public] concerns over the loss of accountability and transparency."<sup>18</sup> In reality, the proposal was rejected because opponents on the board deliberately called for an early vote to be held when the proposal's supporters were not in attendance.<sup>19</sup> Under control of the opposing minority, the board bypassed a scheduled public comment session - despite calls from the mayor to let the public speak - in order to vote without the full board in attendance.<sup>20</sup> The New Orleans Times-Picayune described the resulting vote as "a coup orchestrated by opponents on the board," noting that if the full board had been allowed to vote, the proposal would have been approved.<sup>21</sup>

## **FOOD & WATER WATCH RELIES ON POSITIVE NEWS ABOUT THE “PROJECTED SAVINGS” OF PUBLIC WATER OPERATION AND DOES NOT INCLUDE ACTUAL OUTCOMES IN ITS MATERIALS.**

### **GARY, IN**

In 2011, FWW said public management of the city’s wastewater treatment and sewage system was “projected to save the city \$8 million per year, cutting system costs in half.”<sup>22</sup> But what has actually happened? After public control in 2012, the city’s wastewater and sewage systems had a combined utility operating expense of \$15.7 million, according to a state audit.<sup>23</sup> Compared to the \$10.8 million-per-year private operating agreement that public management replaced,<sup>24</sup> costs actually increased by nearly \$5 million per year under public operation. Still, FWW has repeated this false “projected savings” claim about public operation in five publications since 2012.

## **FOOD & WATER WATCH BLINDLY HOLDS PRIVATE WATER COMPANIES RESPONSIBLE FOR ALL SYSTEM ISSUES - EVEN WHEN THE EVIDENCE FINDS ANOTHER PARTY RESPONSIBLE.**

### **CAMDEN, NJ**

A New Jersey state audit criticized the Camden municipal water system for having nearly \$5 million in unpaid customer bills at least 90 days past due.<sup>25</sup> FWW cites this state audit as evidence of the private operator’s poor performance, even though the audit itself explicitly blames the City of Camden for the backlog, stating: “the City did not have a program in place that would enable [the private operator] to implement and enforce a water shut-off program as a result of nonpayment, as required by the Contract.”<sup>26</sup> Camden’s state-appointed COO adopted a water shut-off program on June 1, 2009. Five months later, the private operator had lowered the 90+ day system receivables by more than \$2.2 million, a 50% reduction.<sup>27</sup> FWW has repeated this misleading claim in five publications since 2010.

### **ATLANTA, GA**

Activists criticized the private operator in Atlanta, Georgia, for having five “boil water” alerts in 2002.<sup>28</sup> In fact, the alerts were caused by power issues, not water system operation issues. As an October 11, 2002, letter from the Georgia Department of Natural Resources to the mayor of Atlanta confirmed, the boil water alerts were caused by events beyond the private operator’s control: “Dear Mayor Franklin: As you are aware, power interruptions at the Northside Re-pumping station have caused low pressure events several times during May, June and July. ... In response, [the operator] issued boil water advisories and performed additional monitoring in the affected areas. All sample results were negative.”<sup>29</sup>

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1 Food and Water Watch, “American Water: A Corporate Profile,” November 2013.

2 “Cave Creek sewer rates to go up,” Arizona Republic, 4/7/09; “Cave Creek to hold hearing on water-rate hike,” Arizona Republic, 1/6/2009.

3 Food and Water Watch, “Case Study - Atlanta, Georgia,” November 2009.

4 “USA TODAY analysis: Nation’s water costs rushing higher,” USA Today, 9/27/12.

5 www.billcalculator.atlantawatershed.org, Accessed 02/13/15; “Nation’s water costs rushing higher,” USA Today, 9/27/12; Black & Veatch, “50 Largest Cities Water / Wastewater Rate Survey,” 2012-2013.

6 “Skyrocketing water bills mystify, anger residents,” CNN.com, 3/2/11.

7 Food and Water Watch, “An Overview of the Successful Public Purchase of the Felton Water System,” November 2013.

8 Jim Mueller, Testimony, Monterey Water Forum, 2/28/11; San Lorenzo Valley Water District, “Rate Increase Approved to Fund Emergency Preparedness and Water System Upgrades,” Press Release, 10/25/13.

9 Ibid.

10 Food and Water Watch, “Veolia Water North America: A Corporate Profile,” August 2013.

11 “Employee benefit assessments paint different pictures,” Indianapolis Business Journal, 8/4/03.

12 Ibid.

13 Food and Water Watch, “Case Study - Atlanta, Georgia,” November 2009.

14 “Winning Bidder Will Face Debt, Backlog, and Major Upgrades,” Atlanta Journal Constitution, 8/23/98.

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

16 Ibid.

17 Food and Water Watch, “A Closer Look: Veolia Environment,” September 2010.

18 Ibid.

19 “Water privatization idea killed,” New Orleans Times-Picayune, 10/17/02.

20 Ibid.

21 “S&WB sell-off is sunk, Nagin says,” New Orleans Times-Picayune, 4/20/04.

22 Food and Water Watch, “United Water Can’t Be Trusted,” March 2012.

23 City of Gary, 2012 Financial Statement and Federal Single Audit Report, filed 9/30/13.

24 United Water, “United Water And Gary Sanitary District Sign Five-Year Extension For Wastewater Contract,” Press Release, 5/27/08.

25 New Jersey Office of the State Comptroller, “A Performance Audit of the Management Services Agreement for the City of Camden’s Water and Wastewater Collection Systems,” 12/16/09.

26 Ibid.

27 Letter from United Water to the Office of the State Comptroller, 12/4/09.

28 Alliance for Democracy, “Water for People and Nature: The Story of Corporate Water Privatization” April 2003.

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