



## **CONTRACT OPERATIONS CASE STUDY: RIALTO, CALIFORNIA**

### ACTIVIST FICTION

Ignoring the benefits brought to the community and blindly focusing only on rates, activists like Corporate Accountability push a misleading narrative on the 2013 concession agreement between Rialto, California, and Veolia North America.<sup>i</sup>

### THE FULL STORY

In 2013, the City of Rialto faced financial and infrastructure challenges that it could not address alone. All water and wastewater rate increases had been deferred for more than a decade, which led the City to fall behind on necessary infrastructure repairs and upgrades.

The City turned to Veolia North America for help. The resulting 30-year concession agreement between Rialto and Veolia provided the City with a \$35 million up-front payment and a commitment to an additional \$41 million in capital infrastructure improvements for the water and wastewater systems.

The deal allowed Rialto to pay off debts and make much-needed investments to its infrastructure under an established, long-term rate schedule for customers. While activists advocate for rates to never increase for any reason, oftentimes low rates signal a lack of investment in water and wastewater infrastructure that can ultimately endanger public health. As a partner with Table Rock Capital, the financial partner on the Rialto deal, told the New York Times: “Keeping rates down may sound like the ultimate righteous good for ratepayers, but ... not if you’re failing to provide basic care and maintenance” for infrastructure.<sup>ii</sup>

In addition, activists fail to mention other key facts on the Rialto engagement. On rates, activists ignore how Rialto residents approved the deal’s scheduled rate increases in a public vote. And when the Rialto engagement closed, all of the public water utility employees kept their jobs – and have since received raises under Veolia’s management.<sup>iii</sup>

The experience in Rialto illustrates how activists cannot always be trusted to tell the full story on beneficial contract engagements between local governments and water companies.

**“Keeping rates down may sound like the ultimate righteous good for ratepayers, but ... not if you’re failing to provide basic care and maintenance for infrastructure.”**

#### Sources

<sup>i</sup> Corporate Accountability, “Troubled Waters: Misleading Industry PR and the Case for Public Water” November 2014.

<sup>ii</sup> New York Times, “In American Towns, Private Profits From Public Works” 24 December 2016.

<sup>iii</sup> New York Times, “In American Towns, Private Profits From Public Works” 24 December 2016.