



CASE STUDY: ACTIVISTS LEAVE BEHIND SERIOUS CHALLENGES IN EDISON, NEW JERSEY

In 2019, the activist group Food & Water Watch pulled out all the stops to block Edison, New Jersey, from considering private sector solutions to address the city's water infrastructure needs.

The out-of-town activists waged an aggressive public *misinformation* campaign to lead the township to reject a contract operations agreement with a water company. The proposed contract would have enabled Edison to retain public ownership of the infrastructure and fund \$481 million in capital investments while capping rate increases at 4.9% – less than the average annual rate increase seen nationwide for water and sewer services. Food & Water Watch argued that the proposal was a risky privatization scheme that effectively amounted to a high-interest loan from the water company.

Despite endorsement of the proposed contract by the mayor and a majority of the township council, Food & Water Watch pushed for voters to reject the deal and prohibit any and all water company assistance in the future. Banning all assistance forced the local government to build a new water utility from scratch in just a few short months, since the township government had relied on private sector partners to help operate its water and sewer utilities for more than two decades.

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2019: ACTIVISTS MISLEAD IN EDISON

In 2019, leaders identified addressing challenges with the township's water and sewer infrastructure as a top priority. Mayor Thomas Lankey called the condition of the infrastructure "horrendous" and noted the township hadn't invested in any upgrades since the 1950s.

Mayor Lankey pursued solutions to address Edison's infrastructure challenges and endorsed a comprehensive plan: a 40-year, \$811.3 million public-private partnership with a water company. Under the contract arrangement, Edison would maintain public ownership of its water and sewer systems, pay off existing utility debt, increase reserves, and maintain stable rates over the long term – all while making significant and much-needed capital improvements to the infrastructure.

The plan was opposed by Food & Water Watch, an outside activist group based in Washington, D.C., who used scare tactics with no basis in fact to turn voters against the proposal.

For Example:

- Food & Water Watch claimed that the water company proposal would be "expensive for ratepayers" and argued that local government operation would keep rates lower. But in addition to being false, public health is put at risk when water and sewer rates are kept low because infrastructure repairs and upgrades are deferred. Food & Water Watch ignored Edison's need for water infrastructure investments and instead pushed a fantasy that the government could solve all the water challenges without raising water rates.

- Food & Water Watch argued, citing zero evidence, that private sector utilities “often cut corners to lower expenses and boost profits.” In reality, the proposed contract required the water company to manage and operate the township’s water and sewer systems in accordance with best practices and technical standards that went above and beyond the township’s own mandates.
- Food & Water Watch claimed that one in three jobs would be lost under water company operation of the water and sewer systems. In reality, the proposed agreement explicitly provided for current township water staff to work in a comparable position with the water company or continue working for the township in the Department of Public Works.

Most importantly, Food & Water Watch also failed to offer any credible alternative plan to address the serious water infrastructure challenges in Edison. Instead, the group repeatedly asserted that a “better deal” existed under a government operation funded by government loans and municipal bonds. This was despite the fact that, as Edison leadership repeatedly stated at the time, the infrastructure investment need was massive and pursuing bonds of the required scope would harm Edison’s credit rating.

2020: ACTIVIST RHETORIC PROVES HOLLOW, FAILS TO SOLVE WATER CHALLENGES IN EDISON

It didn’t take long for signs of trouble to emerge in Edison.

The government-run operation has faced serious staffing issues and other challenges as it has had to build the new water utility from scratch. In June 2020, amidst the COVID-19 pandemic, the director of the Edison Water Utility admitted that the new utility was “doing as much as we can with the staff we have” and that “we just don’t have the manpower to physically do all the work necessary.” Despite the demonstrated need for massive proactive infrastructure investments, the director described the government-run utility as “a reactive department, not a proactive one.”ⁱ In October 2020, E.Coli bacteria was detected in the system’s drinking water, leading to an emergency boil water alert.ⁱⁱ

In addition, the Edison Township Council has been forced to pursue a massive water rate increase to fund the operating costs of the new government utility. The council proposed a 22% increase in water rates – a massive jump compared to the capped 4.9% increase residents would have seen under the proposed contract with the water company. This large, sudden increase is sure to result in rate shock for working families and low-income communities, and additional rate increases will likely be needed in the future to fund infrastructure repairs and upgrades.ⁱⁱⁱ

A local news commentator summarized the resulting situation in Edison: “Instead of rolling in dough, this town is sinking in debt from a new Water & Sewer Utility it got forced to throw together in eight months. This utility’s 14,000 customers are now getting whacked with whopping fees to pay for the pricey bureaucracy.”^{iv}

Several community leaders have questioned whether residents were broadly misinformed by outside groups as the township considered the future of its water utility services. A leader with the South Edison Community Association has noted that “many residents probably did not realize it would be such an enormous and expensive task” for the local government to create a new utility and operate the drinking water and sewer systems. Mayor Lankey told the local newspaper that “he wasn’t sure” whether those who opposed the water company contract and favored government operation “properly communicated” with voters.^v

As communities across the country face urgent water infrastructure needs, the experience in Edison should serve as a cautionary tale. While activists are quick to reject comprehensive, proven solutions offered by water companies, in reality their rhetoric rings hollow and leaves communities far worse off with their water challenges unaddressed.

Sources

ⁱ Edison-Metuchen Sentinel, “Water rate increases on horizon in Edison; current limited manpower, equipment preventing water utility to move forward” 1 June 2020.

ⁱⁱ Patch.com, “Officials Issue Alert After E.Coli Found In Edison Water Utility,” 6 October 2020.

ⁱⁱⁱ Bridgewater Courier News, “Edison Township Council to vote on 22 percent water rate hike” 22 June 2020.

^{iv} The Jaffe Briefing, 30 June 2020.

^v Bridgewater Courier News, “Edison Township Council to vote on 22 percent water rate hike” 22 June 2020.