

# United Water Can't Be Trusted!

Fact Sheet • March 2012

**U**nited Water — owned by Paris-based Suez Environnement (Suez) — wants to build a desalination plant on the Hudson River to serve Rockland County, New York. The company says that the treatment plant is not only “necessary” but also the “most cost-effective” and “sustainable” way to meet the area’s long-term water needs.<sup>1</sup> Suez’s performance history, however, calls these claims into question.

The experiences of many communities in the United States and around the world make it clear that Rockland County cannot trust United Water to act in the public’s interest. Numerous company projects have led to cost overruns, skyrocketing prices, terrible service, risks to human and environmental health, and accusations of fraud and other crimes. This evidence demonstrates that United Water’s service is anything but “proven, purified, reliable,” as the company claims.<sup>2</sup>

## Proven?

### *The Price Tag of Poor Performance in Camden, New Jersey*

In 2009, the New Jersey State Comptroller’s Office issued a scathing audit of United Water’s Camden operations. It found that inadequate contract supervision and the company’s poor performance cost the city millions of dollars and potentially jeopardized the health and safety of its residents.<sup>3</sup>

- **Excessive water loss.** The system lost *45 percent* of its water from 2004 to 2008, even though the contract required the company to limit losses to 10 percent. This noncompliance cost the city almost \$2 million.
- **Poor maintenance.** Inadequate upkeep of water wells, storage tanks, fire hydrants and other equipment posed potential health and safety risks.
- **Faulty billing practices.** The company’s faulty billing practices and failure to calibrate meters cost the city more than \$1 million in 2008 alone.<sup>4</sup>

### *An Unmitigated Disaster in Atlanta, Georgia*

In 2003, the city of Atlanta ended its 20-year contract with United Water after four years of terrible service.<sup>5</sup>

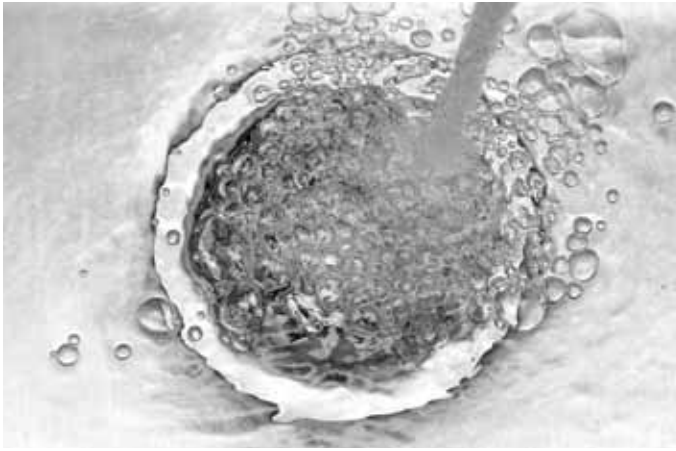
- **Poor maintenance.** The company cut the workforce in half, accumulated a maintenance backlog of more than 13,000 work orders<sup>6</sup> and, according to the city, lacked the capacity to respond adequately to emergencies.<sup>7</sup>
- **High costs.** Not only did the company deliver only half of its promised savings,<sup>8</sup> but also Atlanta said that the company cost the city millions of dollars by failing to collect enough late bills and to read, install and maintain water meters. The city also claimed that United Water submitted bills for work it did not do and even worked on other contracts while on Atlanta’s dime.<sup>9</sup>

## Purified?

### *Federal Charges for Environmental Crimes in Gary, Indiana*

A 26-count federal indictment accuses United Water Services of conspiracy and felony violations of the Clean Water Act for manipulating wastewater quality tests at the treatment plant it operated in Gary, Indiana.<sup>10</sup> The court case is ongoing.<sup>11</sup>

The charges underscore how United Water can prioritize profits over human and environmental health. The company allegedly sought to save money on chemical costs by lowering chlorine levels between water quality tests.<sup>12</sup> Corporate policies may have incentivized this because, according to the indictment, the company’s annual appraisal of its project manager gave “substantially higher weight to improving the financial performance of United Water’s GSD [Gary Sanitary District] operation than to compliance with environmental requirements.”<sup>13</sup>



Cutting corners does not pay off. Several months before the indictment, the Gary Sanitary District ended its contract with United Water for financial reasons. It expected to operate the system with public employees for half the cost, saving \$8 million a year.<sup>14</sup>

## Reliable?

### *Over Budget and Behind Schedule in Melbourne, Australia*

In 2009, AquaSure, a joint venture that includes a Suez company, agreed to design, build, finance and then operate a multibillion-dollar desalination plant to serve Melbourne, Australia. It was to be Australia's largest desalination plant and would meet one-third of the city's water needs.<sup>15</sup> Delays and cost overruns have plagued the project.<sup>16</sup>

- **Delays.** AquaSure had "committed" to delivering water by the end of 2011,<sup>17</sup> but the company now expects to finish the project at the end of February 2013, blaming the delay on rain and labor issues.<sup>18</sup>
- **High costs.** The company is seeking more than \$1 billion from the government to compensate it for lost revenue as a result of the delay,<sup>19</sup> even though the public-private partnership model used was supposed to transfer such risk to the company.<sup>20</sup>
- **Skyrocketing prices.** Water prices have nearly doubled between 2008 and 2012 and are expected to double again by 2016.<sup>21</sup> **Overall, the desalinated water is expected to cost three to 11 times as much as Melbourne's regular water.**<sup>22</sup>

## Stop United Water's Hudson Desalination Project

Rockland County should demand that the state Department of Environmental Conservation and the Cuomo Administration reject United Water's proposed desalination plant. It is costly, unnecessary and potentially environmentally damaging. Given the company's history of poor performance, any claims that suggest otherwise need a thorough review to protect the Hudson Valley.

## Take Action

Get involved with the Rockland Water Coalition by visiting <http://sustainablerockland.org> or emailing [RocklandWater@gmail.com](mailto:RocklandWater@gmail.com).



Look for the Rockland Water Coalition on Facebook.

## Endnotes

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- 5 Bennett, D.L. "Atlanta, water firm dissolve pact after four contentious years." *Atlanta Journal and Constitution*. January 25, 2003; Rubenstein, Sarah. "City blasts United Water," *Atlanta Business Chronicle*. August 9, 2002.
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- 18 Millar, Royce and Ben Schneiders. "Desal firm adds millions to compo bid." *The Age*. December 12, 2011.
- 19 Suez Environnement. [Presentation]. "2011 Full Year Results." February 8, 2012 at 24.
- 20 Millar and Schneiders.
- 21 Davidson, Kenneth. "Warning: The desalination plant may be bad for your health." *The Age*. October 17, 2011; Fyfe, Melissa. "Water bills 'to double again.'" *The Age*. October 31, 2010.
- 22 Premier of Victoria. [Press release]. "Reveal: The true cost of John Brumby's desalination plant." February 28, 2011 at The Cost of Water from the Desalination Plant.

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