



Fulton County Taxpayers Foundation

Non-Profit Advocate Of Lower Property Taxes In Atlanta/Fulton County

September 2010

Is Your Water Bill Too High?



History of the Problem

In 1998-1999, the U.S. District Court Judge Thomas W. Thrash, Jr. issued a “Consent Decree” requiring the City of Atlanta to install new water and sewer infrastructure at a cost of \$3.4 billion. The City commissioned Black & Veatch, a reputable professional firm to do a Rate Study to determine the rates for water, rates which would reimburse the City for its costs. The study recommended an increase in water rates of “188% over a five year period with subsequent increases of 12 ½% annually” to pay for the interest and principal of the \$3.4 billion water bonds. Unfortunately for the City rate-payers, the cost of the water and sewer infrastructure increased from \$3.4 billion to \$4.1 billion, an increase of 20.5% and the cost of water went up accordingly.

Justin Wiedeman, Professional Engineer and Chief Financial Officer, Wiedeman & Singleton, “The City of Atlanta has one of the highest water and sewer charges in the United States, both commercially as well as residential. The City must address ever increasing water and sewer rates through marketization and professional oversight of the capital improvement program.”

The Lack of Professional Oversight

In 2002, the Fulton County Taxpayers Foundation offered to perform a “value engineering” study pro-bono of the cost of the newly proposed water and sewer infrastructure. The study was to be performed by three professional engineers who agreed to volunteer their time and expertise. “Value Engineering” is a systemic engineering method of reducing costs of products or services. Usually, “Value Engineering” results in a cost savings ranging from 10%-25%. “Value Engineering” is so important to cost reductions that it is spelled out in U. S. Public Law 104-106 which states “Each executive agency shall establish and maintain cost effective value engineering procedures and processes.” Mayor Shirley Franklin refused the pro-bono offer.

Effect of the Lack Of Professional Oversight

The cost of Atlanta water is one of the highest of any city in United States. As a result, many poor families cannot afford to pay their water bills. There is a high non-payment of water bills – as high as 14% or more of all users. Many meters had not been read since the change to automatic reading, and many meters are still the old meters with the silver colored metal plate covering. Although Atlanta Gas

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Company uses automatic meter reading with success, the automatic reading seems to give the Watershed Management Department a problem. There is high discontent among many water rate-payers over their estimated water bills. Eleven years after the "Consent Decree", there are still water-breaks along major streets of Atlanta. Calls to the Department of Watershed Management end in frustration.

The Extent Of The Complaints

Since January of this year, the Taxpayers Foundation has received over 100 complaints regarding the Department of Watershed Management. These complaints are mostly regarding the over-billing and the widespread non-reading of the water meters. The automatic meter readers are a step forward, but so many rate-payers are complaining about their irrigation meters which showed no flow for months and months. According to experts and former employees of the Watershed Management Department, the Atlanta Department of Watershed Management "estimates over 30% of the water bills."

The Solution

Last year, the City Council passed a Motion for an independent audit of The Department of Watershed Management, but this was never implemented. The City Council should re-authorize and implement such an audit without further delay. If the audit confirms the waste and mismanagement of the Department of Watershed Management – over-billing, widespread non-reading of the meters, waste – the Mayor and the City Council should consider "marketizing" the Watershed Management Department, "Marketizing" is the term describing a process whereby a government service is bid on by both the private firms as well as by the existing government department, with proper benchmarks and supervision.

In 1999, the City of Atlanta outsourced the water under a long-term contract with United Water, the highly reputable international firm. United Water saved the City \$22 million annually, replaced defective water meters, read every water meter monthly, but could not continue to operate with 48 major water leaks monthly.

The present Chief Operating Officer of the City of Atlanta is Peter Aman, on leave as a Partner of the management firm of Bain & Company, known as “The Tiffany” of management firms. It was Peter Aman who was Project Leader of the pro-bono 2002 Turnaround Plan for the City of Atlanta. On page 53 of this Plan is the recommendation of “marketizing” Water, with the potential savings of 25%.

City officials have often criticized the United Water project, blaming United Water for contractual issues. **In order for marketization to work, the city MUST take an active role with the company under contract. Under Shirley Franklin’s administration, the city did anything BUT cooperate with vendors. Sandy Springs has been outsourcing successfully for years. Why can’t Atlanta? What keeps Atlanta from doing the same?**

Call To Action!

The members of the Fulton County Taxpayers Foundation – their neighbors and friends – are urged to email the following members of the Atlanta City Council to propose and pass a Motion call to implement an independent audit of the Watershed Management Department!

Cesar Mitchell	ccmitchell@atlantaga.gov	Kwanza Hall	khall@atlantaga.gov
Carla Smith	csmith@atlantaga.gov	Ivory Lee Young, Jr	ilyoung@atlantaga.gov
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Joyce Sheperd	jmsheperd@atlantaga.gov	Aaron Watson	awatson@atlantaga.gov
H. Lamar Willis	hlwillis@atlantaga.gov	Michael Bond	mbond@atlantaga.gov

Sincerely,
John Sherman, President



Unite the Fight To Bring Better Government to Atlanta and Fulton County!

I enclose my annual membership of:

\$25 Senior _____ \$50 Family _____ \$100 Patron _____ \$200 Corporate _____ \$1000 Business Leader _____

In addition, I enclose a **tax-deductible** contribution of: \$100 _____ \$500 _____ Other _____

If you prefer, you can charge your membership or a donation online at www.fctf.org

Name _____

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