



CONTRACT OPERATIONS CASE STUDY: BAYONNE, NEW JERSEY

ACTIVIST FICTION

Activists like Food & Water Watch and Corporate Accountability call the experience in Bayonne, New Jersey, a “good example of privatization gone wrong” and warn other local governments to “take heed of Bayonne’s water woes.” The critics point to “skyrocketing rates” without providing any context or mention of how the ongoing contract engagement with SUEZ has benefitted the city and customers.ⁱ

THE FULL STORY

By the time Bayonne signed a 40-year concession agreement with SUEZ in 2012, the city was facing significant financial challenges. Bayonne’s Municipal Utilities Authority (MUA) had a large amount of debt, hampering the city’s ability to operate or borrow money for other vital municipal priorities. At the same time, the city’s 80-year-old water infrastructure was beginning to fail, putting public health at risk.ⁱⁱ

The concession agreement with SUEZ provided an up-front payment of \$150 million to pay off all of Bayonne’s outstanding debts and fund an initial wave of urgent capital infrastructure investments for the city’s water and wastewater systems. SUEZ took over management of the water, wastewater and stormwater systems and committed, as part of the contract, to \$2.5 million in annual capital investments to fund projects like sewer overflow mitigation measures and the installation of smart meters throughout the system.

As the executive director of the Bayonne MUA explained at the time, the contract not only paid off all of the utilities’ debts and additional municipal debts, but it also “provides for annual reoccurring capital investment in the system that wasn’t previously occurring, and it provides for a depth of professional management that the authority could not otherwise afford.”ⁱⁱⁱ

Within three months of the deal being signed, Moody’s Investor Service revised the city’s debt outlook from “negative” to “stable” and has since upgraded the city’s credit rating as well.^{iv}

Activists ignore these important contexts and enormous benefits and instead focus on the rate increases – a 26% increase spread over the first four years – required by the contract to enable the debt payments and urgent infrastructure investments.

Today, Bayonne officials and residents recognize that the engagement with SUEZ has benefitted the city. In addition to installing Advanced Metering Infrastructure that is saving Bayonne more than 150,000 gallons of water per day, SUEZ has also implemented new tools that have reduced sewer blockages and overflows by 83%.^v

According to Bayonne Department of Public Works Supervisor Tim Boyle, “This partnership has helped Bayonne by investing in our employees, restoring confidence to our residents, providing a debt solution to relieve our financial pressures and shoring up the city’s infrastructure to pave way for our growth.”^{vi}

“This partnership has helped Bayonne by investing in our employees, restoring confidence to our residents, and providing a debt solution to relieve our financial pressures.”

Sources

- ⁱ Food & Water Watch, "Scranton Should Take Heed of Bayonne's Water Woes" 10 December 2015; Food and Water Watch Press Release, 8 May 2018; Corporate Accountability, ⁱⁱ "Troubled Waters: Misleading Industry PR and the Case for Public Water" November 2014; Corporate Accountability, "PUBLIC WATER WORKS: How public utilities are advancing solutions to today's water challenges" February 2020.
- ⁱⁱⁱ New York Times, "In American Towns, Private Profits From Public Works" 24 December 2016.
- ^{iv} NJ.com, "Bayonne approves 40-year deal with United Water; water rates to rise 8.5%" 7 August 2012.
- ^v New York Times, "In American Towns, Private Profits From Public Works" 24 December 2016.
- ^{vi} City of Bayonne, "Dramatic Decline in Sewer Blockages in Bayonne" 15 July 2019; Hudson Reporter, "Bayonne, Suez see positive results with new sewer technology" 14 August 2019; SUEZ, "Five Years of Success and Improvements" March 2019.
- ^{vii} City of Bayonne, Testimonial Letter to SUEZ