Competitive Bidding Solves Water Problems

One Drip at a Time

By Jeff Edgens, Ph.D.

Augusta’s water lines are literally crumbling beneath citizens’ feet.

Water line breaks are an inconvenience for businesses and commuters alike. Last year, a major eight-foot break in a cast-iron water main on Washington Road released more than 500,000 gallons of water, closing restaurants during peak lunchtime traffic and rerouting commuters.

Corroding cast-iron water pipes make them vulnerable to breaks and to contamination from unhealthy viruses and bacteria that can enter drinking water. Broken water mains lead to boil-water alerts and lost work time for commuters stuck in traffic as water mains are repaired.

BEYOND THOSE inconveniences, the financial costs are staggeringly high, as Augusta must foot the bill for millions of dollars in the coming decade.

Public officials are under pressure to deliver services in a cost-effective way, but their efforts are complicated by a flagging national economy, abandoned homes and weak property tax revenues. Augusta officials are trapped in the old ways of doing business and patch old corroded pipes that break every time there is a change in the weather. “As long as we have cast-iron pipe in the system,” said the Augusta Utilities Department’s Russell Thies in 2011, “there’s really no way to predict where it’s going to happen.” Not a very reassuring statement.

One fact remains, though – Augusta must find a way to maintain and repair its water service at the lowest possible cost. To do this, city water planners must change the way they do business. Typically, politics rewards contracts to the well-connected – which stifles innovation, enriches the contractors and does nothing to drive down costs.

Change the procurement process, however, and you change a lot of what ails the city water system.

Studies abound on the mechanics of building and repairing water distribution systems. However, a recent study – Fixing America’s Crumbling Underground Water Infrastructure: Competitive Bidding Offers A Way Out, by Dr. Bonner Cohen of the Competitive Enterprise Institute – pointedly observes that “outdated and prohibitive local procurement policies ... discriminate against the use of innovative, more cost-effective material ... ” In short, Augusta has simply failed to give the heave-ho to old procurement policies that stifle innovation and inflate costs.

COMPETITIVE BIDDING allows private businesses to compete equally for city contracts while encouraging the use of better materials and newer technologies such as corrosion-resistant PVC pipes. PVC, for instance, is 70 percent cheaper to use, has a significantly lower failure rate than iron pipes and is less labor-intensive.

Competitive bidding saved the Canadian cities of Calgary and Edmonton more than $5 million when they rebuilt parts of their water systems.

And Indianapolis Mayor Gregory Ballard, when confronted with mounting unfunded mandates, population growth and rapidly increasing costs for water infrastructure, rethought his city’s materials procurement system to one that emphasizes competitive bids. With the new procurement system, Indianapolis has replaced old iron pipes with noncorrosive and low-maintenance materials such as PVC.

New PVC pipes make up 28 percent of the total water distribution system in Indianapolis with more than twice a lower failure rate than traditional iron pipes.

It’s apparent that leaders in Canada and Indianapolis have embraced changes to their procurement systems for water infrastructure to minimize repair costs, which leads them to spend money responsibly. Taxpayers benefit with cleaner and safer drinking water, fewer repairs to the water system and less time stuck in traffic as governments keep up with changes in technology.

Augusta can learn a great deal from Canada and Indianapolis in how it buys new materials. Augusta Utilities once bid out a project to lay nearly 24,000 feet of iron pipe at a cost of more than $2 million. Had the department purchased PVC instead, the total costs would be less than $1.4 million, saving taxpayers more than half a million dollars for that project alone. Imagine how much money Augusta can save if they rethought the materials used in repairs and expansion of its water system.

EVEN OUR federal government understands that the old ways of doing business must be changed. The federal Rural Utilities Service encourages small and rural communities to use competitive bids to leverage scarce dollars to get more bang for their buck.

Finally, if city leaders remain reluctant to usher in innovation through competitive bids, then maybe the new state law requiring water conservation audits will force Augusta lawmakers to change its procurement system to meet water conservation goals instead.

It only makes sense that the city should improve its water and procurement system in a manner that fosters innovation and lets the best technology win.