



April 7, 2016

Mr. David LaFrance
Chief Executive Officer
American Water Works Association
Denver, CO 80235

Re: American Water Works Association Opposition to Open Procurement Practices

Dear Mr. LaFrance:

As Mayor of Gulfport, Mississippi and Co-Chair of the American City County Exchange (ACCE), a national municipal organization promoting limited government and free market solutions for local service delivery, it is with some consternation that I learned of the American Water Works Association's (AWWA) opposition to competitive bidding for water and sewer piping materials (see attached AWWA legislative alert) which could save states and municipalities millions of dollars. This is the same anti-competitive position held by the Ductile Iron Pipe Research Association, which lobbies on behalf of iron pipe producers. I find this pursuit of commercial interest very unsettling considering the AWWA touts itself as an independent professional organization of public utility engineers. As well, it begs the question whether AWWA's activities in this area involve restriction of trade.

Responsible elected officials, financial professionals and utility engineers must support and promote open competition and the need for alternative products and materials in bidding processes for underground infrastructure. Moreover, this is a fundamental right and responsibility of all municipal governments. To oppose this right and threaten to mobilize AWWA's resources against a municipality that is considering opening up its bidding processes to competition is disquieting. DIPRA and the iron pipe industry do not support competitive material bidding, preferring instead iron pipe-only specifications, which increases costs and deprives citizens of access to the most suitable products. The U.S. Conference of Mayors and the National Taxpayers Union, as well as many other organizations have reported on this issue and the need for more open competition in the selection of water and sewer piping in the municipal sector.

In Gulfport, we have committed ourselves to open and fair competition in pipe materials for all our water and sewer projects. As a result, our city has saved substantial sums of money by utilizing a variety of sturdy and safe pipes. If we have learned anything from Flint, Michigan, we learned to not put our public's water safety in the hands of one particular type of piping material. In the case of Flint, that piping material was iron. Not every local jurisdiction is a cookie cutter of the other, therefore each local government must use the piping materials that works best for their communities. Finding that best type of pipe can only be decided by open and fair competition for pipe materials.

The AWWA legislative alert is also very misleading in suggesting that competitive procurement “forces” utilities to specify piping materials “the utility may think unsuited for a particular application” and “has the effect of forcing the selection of materials, to be based solely on price.” On the contrary, open competition preserves the autonomy of the design engineer since all pipe materials are qualified and selected based on sound engineering principles. Moreover, by allowing contractors to bid on alternate pipe materials that meet technical performance criteria, the municipality will instill accountability in the procurement process which will reduce costs for all piping purchased, improve quality, and foster innovation.

Regarding the AWWA’s comments about the USDA’s open procurement policies, Ben Shuman, Senior Engineer, Rural Utilities Service, with USDA’s Water and Environment Program states: “Some applicants or local governments have preferences for specific materials whereas our policy requires a consideration of alternatives. In the end, ensuring that rural communities are able to see the options available to them allows them to make better decisions and provide the best service they can to those who live and work in rural America.”

Localities which have adopted competitive bidding have not encountered the problems AWWA and DIPRA are suggesting. In fact, it is through open competition that municipalities have been able to modernize their water and sewer networks with newer and better performing materials. Though the AWWA suggests it is “neutral as to which materials utilities select for infrastructure projects,” its position against open competition in fact directly supports the maintenance of closed specifications and exclusive markets for iron pipe manufacturers.

When local governments invest in water and sewer infrastructure it’s critical that open and fair competitive bidding practices are utilized in order to get the best value for scarce taxpayer dollars. Taxpayers depend on us to use the most cost effective and safest materials possible to get the job done. Over the last couple of years the ACCE has developed model policy for local governments to implement fair and competitive bidding for piping used water and sewer projects. I encourage all local officials, including utility engineers and the AWWA, to use this model policy to lower costs, increase options and improve utility system performance as we have done here in Gulfport, and other municipalities have done across the US.

Sincerely,

A handwritten signature in black ink, appearing to read "Billy", is placed within a light gray rectangular box.

Billy Hewes
Mayor