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Headline:Mayor: Sewer fix not enough
Negative impact on growth feared

Subhead:

Reporter:TY TAGAMI

Body Text:Atlanta Mayor Shirley Franklin said Tuesday the City Council's decision to undercut her proposed increases in water and sewer rates could prevent the city from meeting court-ordered deadlines to stop dumping sewage into rivers.

That, in turn, could lead to moratoriums on development and stifle prosperity, she said.

"Last night, I fear we shut the door on growth," Franklin said. "I hope that the courts will understand that we're moving in the right direction, but we're not going to get there quite when we said we would. I hope I'm wrong when I say that we cannot meet these obligations."

The ordinance adopted late Monday night would increase water and sewer bills for the typical customer by 14 percent next year. Rates would rise another 16 percent in 2005 and about 6 percent each year thereafter.

If Franklin approves the rate ordinance, it will take effect in January. The mayor has until next week to veto the plan.

Atlanta is under federal court order to comply with two agreements to stop dumping raw sewage into the Chattahoochee and South rivers. The city's century-old sewer system combines water from toilets and sinks with rainwater that runs off streets and other surfaces. In heavy rains, the system overflows.

Franklin's sewer project would use massive underground tunnels to store overflows until they can be treated. The city has several deadlines to meet in completing the work, the nearest major one in

2007. To meet that deadline, construction would have to begin in July, and funding from the sale of city bonds would have to come before then.

The city must have adequate revenue to repay such debt, or it will be tough to find investors willing to lend the money.

Franklin said although it could take days to assess how the proposed new rate structure would affect the mandatory sewer construction program, it was already clear that water users will experience system breakdowns because cutbacks will be required in maintenance and operations, she warned.

"We don't know the financial impact, but we do know that services will have to be cut or reduced," the mayor said. She said the seven of 15 council members who voted against the revised plan were "serious people" making "serious decisions."

Council chides mayor

Franklin raised the specter of further downgrading in the city's bond rating because of the council's decision. Fitch Ratings downgraded Atlanta last week, effectively increasing the amount of interest the city will have to pay on future debt.

The mayor's comments drew a sharp response from several of the eight council members who replaced her sewer plan with their own. Councilwoman Felicia Moore said Franklin shouldn't be suggesting failure is a possibility when the mayor hasn't done the financial analysis.

"If we're concerned about what the bond rating agencies will say, we shouldn't be sending out doom-and-gloom messages without the facts," Moore said. "I do believe the amendment is workable if they want to work with it."

Franklin had sought annual increases in water and sewer rates that amounted to a tripling of the top rate over five years. She wanted a 45 percent increase next year, followed by another 45 percent increase in 2005 and 11 percent increases in each of the following three years.

But in a nearly 15-hour council meeting Monday, Franklin's proposal was amended repeatedly, taking final shape around 1 a.m. Finance officials crunched numbers at a furious pace, miscalculating a rate increase in the Moore amendment. During continual updates from the officials, the Journal-Constitution at one point reported incorrectly the impact of the amendment, which actually covered a five-year period instead of one year, as reported.

An amendment adopted early Monday would have introduced the equivalent of a 28 percent rate increase for 2004 with no increases thereafter. That plan was dropped in favor of the Moore amendment, which left the rate increases sought by the mayor in place but reduced the number of customers who would pay them in full.

For customers who use less than 4,500 gallons of water a month, the plan adopted by the council would result in no rate increases next year and only 3 percent increases each year thereafter. Water consumed in excess of the 4,500-gallon minimum would be billed at the higher

rates proposed by Franklin.

High-volume customers, such as hotels, would see little benefit from such a rate structure. But the average home user, who consumes 6,000 gallons a month, would pay much less than a 45 percent increase next year. And rather than paying three times more in 2008, the typical customer would pay 59 percent more.

Franklin had supported a similar conservation rate but her plan would have billed users at the higher rate beginning at 2,250 gallons a month. The average consumer's bill would increase 30 percent in 2004 and more than double by 2008 in her plan.

The City Council also adopted an ordinance that would waive 30 percent of the water and sewer charges for ratepayers 65 and older and whose annual household income does not exceed \$25,000.

Decision questioned

News of the council's decision traveled far and left some scratching their heads.

Fitch, the bond rating agency, will probably take a week to determine how the new fee structure will affect the city's ability to pay debt service, said Amy Laskey, a senior director at the firm. "The immediate concern is their ability to pay back the debt that they already have," she said, referring to \$1.7 billion in bonds that were sold in 2001 and in the decade before.

Environmental regulators and an environmentalist group that went to court to force the sewer cleanup say the city must begin the mandated work. A federal judge has already warned the city that failure to meet the 2007 and 2014 deadlines to stop spilling raw sewage could result in expensive fines, contempt of court citations for city officials and a ban on new sewer hook-ups --- effectively shutting off the city's growth and development prospects.

"Our expectations are that the city will continue to meet those deadlines," said Jim Giattina, director of the U.S. Environmental Protection Agency's Water Management Division for Region 4, which includes Georgia.

The city agreed to the deadlines as part of state and federal consent decrees --- court-enforced agreements --- signed in 1998 and 1999.

Sally Bethea, executive director of the Upper Chattahoochee Riverkeeper, one of the plaintiffs, met with city officials and others Tuesday to figure out exactly what the City Council had done.

"I'm just baffled by the fact that the vote was taken on a proposal that had little to no financial analysis," Bethea said.

State politicians also were weighing the council's action.

"I am disappointed that Atlanta has backed away once again from their responsibilities," said Senate President Pro Tem Eric Johnson (R-Savannah). "Ignoring the situation is what got them here in the first place."

Dan McLagan, a spokesman for Gov. Sonny Perdue, said the vote "illustrates the fact that people realize they are overtaxed and they want to take some time to explore other potential solutions, all

potential solutions."

He added: "The governor has expressed his willingness to help in a number of ways. The mayor has yet to call."

Perdue has offered to help the city secure loans to finance the sewer project. Franklin has requested grants instead of loans.

U.S. Rep. John Lewis (D-Ga.) said the time has come for others to aid the city's efforts to fix the crumbling sewer system. "I am going to do my part to try to find some resources," Lewis said.

Franklin heads to the Fulton County Commission again today to ask for a voter referendum on a five-year sales tax that could, by city calculations, bring in \$100 million a year for the water and sewer upgrades and help ease the financial burden on ratepayers. Twice before, Fulton commissioners have rejected the referendum.

The only change since the commission's last slam-dunk rejection has been the addition of newly elected Chairwoman Karen Handel. But she adds another no vote to the mix.

"I will not support an increase in the county sales tax," Handel said Tuesday. "It would be grossly inappropriate to vote for it given the fact that we have not had all of our questions answered."

--- Staff writers Ernie Suggs, D.L. Bennett and Stacey Shelton contributed to this article.

Caption:

Keywords: