

SATISH LATHI - Principal, Southeast Capital Partners

LINDEN MACINTYRE: SO YOU BUILT THIS BUILDING, YOU FINISHED IT LAST JULY. WHAT HAPPENED?

SATISH LATHI: Well, when we initially started building the building, as part of the normal process, you do a flow test and that is basically you go into the street and you uncover the water line, you put a metre on it and you test how much water is coming through that water line. And on that you design your fire sprinkler system, which is what we did. A year and a half later, after the building was completed, we went to hook up our building to the fire system and there was no water in the line. So some time within the span of a year and a half, that fire line that runs down the street, there's no water in it.

And so at that point, our only recourse was to go to United Water and ask them to come and check the line and figure out what was wrong. Well, we wasted well over six weeks in phone calls, voice mails, letters, sitting there in their offices trying to get somebody to respond – because the general philosophy down there was: we don't want to deal with problems.

And so we finally got someone to come out and take a look at it. They would come out, stand around, say they had to go back to their office and check on things. Never did get anywhere. So here we are with a \$45 million building that we've got over 100 people ready to move in and we can't move anybody in because we don't have a sprinkler system that's operational.

Not only that, but you've got other buildings in downtown that were served by that fire line that they probably didn't even realize there was no water to their sprinkler system.

LINDEN MACINTYRE: SO WHAT DID YOU DO?

SATISH LATHI: Well, with no response coming from United Water, we took it upon ourselves. We went out on the street without a permit, without approval, dug up the water line, hired a company to come in and send a camera into the line to see what the problem was. And what we discovered was that the line had been completely constricted with debris. So we took that video and gave it to United Water. Well, the first response was: why'd you do that? And our obvious answer was: because for six and a half weeks, we couldn't get you to even return a phone call. We needed to figure out what the problem was.

So with that information, another four-five weeks went by of half a dozen different people coming out and looking at it and looking at it and making promises that 'ohwe're going to fix it, we're going to take care of it.' Well, as it turns out, what they were doing in the meantime was preparing a case against the city to say that this wasn't a United Water problem because their only responsibility is maintenance. It's the city's problem if the lines were defective to begin with. And that's apparently their answer to every

problem is that ‘oh, well, the city’s infrastructure is so old, that was an existing problem’ Well, we know it wasn’t because we have a flow test from a year and a half ago.

LINDEN MACINTYRE: SO THEY TURNED A WATER PROBLEM INTO A LEGAL PROBLEM?

SATISH LATHI: Correct. In the meantime, were telling us that ‘oh, we’re going to take care of it, we’re going to take care of it’, but had no intentions of doing anything.

LINDEN MACINTYRE: WHAT WERE THE REPERCUSSIONS ON THE PEOPLE WANTING TO MOVE IN?

SATISH LATHI: Repercussions were multiple. We had, as I said, close to 100 people who had planned on moving in who weren’t able to move in who had to be put up in hotels, extensions on their rental apartments, extensions on their loans. They had mortgages that they were going to close on. As I said, we had a construction loan that we were paying interest on. All totalled, the you know what I would call the damages aspect of this was well over a million dollars on our end.

LINDEN MACINTYRE: SO WHAT DO YOU THINK OF PRIVATE WATER NOW?

SATISH LATHI: It’s a disaster. It’s a disaster and at the end of the day, the only way it got fixed is we went to the city and said ‘look, let us replace the water line and you could pay us back’ but we just need to get it done. And they passed a resolution authorizing us to go ahead and replace the water line, which we did, and it took us six days to do the work. So we were drug out for close to six months for six days’ worth of work. It cost us a little over \$200,000 to do the work and the unfortunate thing is, we’re still waiting to get paid. We’d been promised by the city and we have an agreement with the city written that says we’d get paid within 30 days. It’s now been close to eight months and we still haven’t been paid.

So privatized water? Disaster. I mean it was pretty clear that their only incentive was to not spend a dime. They had zero interest in fixing problems, zero interest in trying to get to any type of resolution. Their whole motivation was deflection. It wasn’t their problem, it was somebody else’s problem.

You know the down side of that? I can’t say that the city ran it any better. So I don’t really know what the answer is in terms of the right program. You know the reality is when the city privatized the water system, more or less the same employees became employees of the privatized company. And now that the city’s taken it back over, 90% of those people are still the same people.