

THE FIGHT TO PRESERVE WATER AS A PUBLIC GOOD

What's The Problem With Our Current System?

Since the 18th century, municipally-controlled drinking and wastewater systems across the United States have proved fundamental in supporting urban expansion and meeting a growing population's most basic needs¹. As local governments invested more in developing these critical systems, water systems were viewed not only as necessities in tackling infectious diseases and public health crises that plagued our cities², but also as markers of economic opportunity and prosperity³.

Despite their strong public support over the past two centuries, water systems in the U.S. are now at a moment of critical need. Many systems have century old lead and cast iron pipes that need to be replaced to ensure that Americans have access to safe public drinking water in our homes, schools, and businesses⁴. Demand for water is only increasing alongside population growth. A changing climate is placing new stressors on our drinking and wastewater systems. Overall, the Environmental Protection Agency estimates that updating and maintaining the country's water infrastructure needs will take about \$655 billion over the next 20 years⁵.

But it's no secret: Federal investment in our water systems has declined precipitously: Since its peak in 1977, federal funding for water infrastructure has declined by 82 percent⁶. This puts the responsibility of providing clean, affordable, and accessible water right into the laps of our local officials and individuals who simply cannot afford the costs of maintaining and expanding these long neglected water systems and technologies. On top of this, the federal government continues to withhold the federal funding needed to rebuild and maintain our water infrastructure.

Over the past several decades, public officials have faced declines in funding⁷ alongside mounting pressure from the private water industry and their Wall Street partners to move away from public operations and toward the false solution of water privatization. But the promise of enriching shareholders while serving the public has proven to be false time and time again. The private water industry is inherently structured to weaken its greatest competitor -- the public water sector-- expand demand for water privatization; and remove as many obstacles as possible to the profitability of its operations. These three goals are prioritized over other considerations, including the sustainability of the national water sector, the safety of those consuming this water, and the quality and accountability of local water systems.

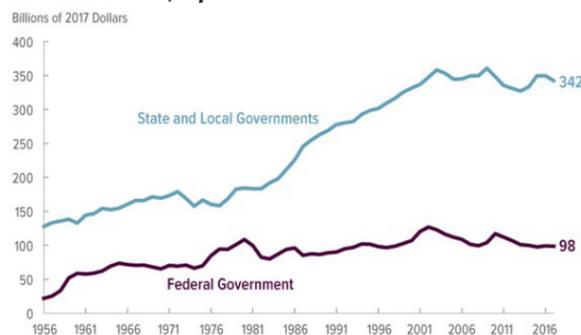
Water privateers approach cities with a variety of privatization models under different branding. These may include a corporation buying the water/wastewater system outright (traditional privatization), teaming up with a private equity firm to offer millions in upfront cash for handing over control of a city's system for decades (concession lease), "performance-based contracts" that emphasize cost-cutting under the guise of efficiency, or other structures labeled as public-private partnerships (PPPs)⁸. To most, a "partnership" implies shared goals, but a so-called "public-private partnership" makes clear the diverging goals of the public and private "partner." PPPs are still a form of privatization and result in the transfer of varying levels of decision-making power and control to a corporation.



Quick Facts

- Since peaking in 1977, federal funding for water infrastructure has been cut by 82 percent.
- Private and investor owned utilities typically charge 59 percent more for water service than local government utilities.
- Water privatization has also led to labor cuts and abuses, serious health and safety violations, dangerous cost cutting that puts public health in jeopardy, and failure to invest in necessary infrastructure upgrades.

Public Spending on Transportation & Water Infrastructure, by Level of Government



Source: Congressional Budget Office (2018). Public Spending on Transportation and Water Infrastructure

“PRIVATIZED WATER SYSTEMS TYPICALLY CHARGE 59 PERCENT MORE FOR WATER SERVICE THAN LOCAL GOVERNMENT UTILITIES.”

Take for instance Bayonne, NJ, where a public private partnership or PPP (P3) deal left residents with skyrocketing water bills. The \$150 million upfront payment to the city came at a very high price to ratepayers; ratepayers are not only paying back that massive sum¹⁰, but also the added return on investments demanded by the private sector. By 2016, analysis from the New York Times reported water rates in Bayonne rose nearly 28% since the passage of the P3 with Suez and KKR, a private equity firm known for its extractive practices¹¹. One resident received a quarterly bill of almost \$500 and another resident's bill increased 5 percent, despite the household having used 11 percent less water¹². The costs of doing business with Wall Street are not absorbed by shareholders, but are passed onto ratepayers.

Privatization schemes have all too often left low income communities and communities of color behind, or worse off. Once they are locked into these contracts communities of color, low-income communities, and non-English-speaking communities are frequently left out of decision-making around water system governance under these arrangements, exacerbating existing inequities. As water systems are privatized, transparency and accountability to residents in decision-making decline. While residents may have a direct line to government officials charged with running public water systems, residents don't have a voice at the shareholders' meetings or headquarters of private water corporations. Moreover, residents do not have the power to vote out a private operator if their needs are not being met.

And just like the privatization of schools, hospitals and other public services, the privatization of water systems also threatens the stability of workers. Privatization strips unionized workers of their collective bargaining powers. Because private water companies are not obligated to recognize the union during a transfer of ownership, workers are not afforded the same protections in their workplace or the ability to advocate for themselves through contract negotiations. And in some cases, workers may be presented with layoffs that allow the company to cut costs and drive up profits. Preserving water as a public good protects not only the public health, but the democratic and economic vitality of our communities.

How Do We Fight Back?

We MUST Pass the WATER Act. The WATER Act is the most comprehensive approach to improving our water systems and helping ensure that every person has access to safe and clean water in the United States. We need a major federal investment in our public water infrastructure to renovate our nation's old water pipes. The WATER Act will simultaneously deliver water justice to the millions of people in the United States who lack access to safe water, while creating nearly a million jobs.

We MUST Ban Water Shutoffs Because of Inability to Pay. Access to safe drinking water is critical in protecting public health. In the face of the Coronavirus, many cities and states issued moratoriums on water disconnection. Voluntary moratoriums are important, but mandatory moratoriums ensure every household has access to water - during and after the pandemic ends.

What Impact Does This Have on our Communities?

Despite whatever it is packaged as, ratepayers are hit hard when water systems are privatized. Why? Public utilities use rates to pay for operating and capital expenses, like upgrades to infrastructure and service delivery. Private utilities also carry these expenses, with the added expense of paying out shareholders. Privatized water systems typically charge 59 percent more for water service than local government utilities⁹. And if that water system is controlled by a private equity firm, ratepayers should expect even higher bills. Above all, privatized water systems must deliver superior shareholder return-even during crises, and even during a pandemic.

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