

Public Citizen



Citizen's Guide to Water Privatization

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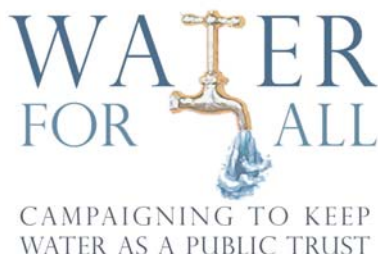
A special report by Public Citizen's
Water for All program

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Photograph by Maj Fil-Flynn



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Public Citizen, founded in 1971, is a non-profit research, lobbying and litigation organization based in Washington, D.C. Public Citizen advocates for consumer protection and for government and corporate accountability, and is supported by over 150,000 members throughout the United States.

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Part One – Introduction to Water Privatization

Water privatization back-grounder

Democratic vs. corporate control of water: a fight for survival

Perhaps the greatest theft of common resources facing humanity and the planet is the corporate take over of the world's water. Global capitalists argue that our water scarcity problems will be solved by turning water into an economic good – a commodity to be controlled by global corporations and sold to the highest bidder in international markets. Yet who really believes that corporations, whose very purpose is to increase profits for their shareholders, will improve water conservation, help get clean water to those in need, and provide a water secure future for all of us?

Every crisis provides an opportunity. The world's fresh water crises may be the most critical area of concern for global justice advocates. Through this movement, anti-capitalists can readily expose the parasitic nature of an economic system that has no morality and is based on turning the planet's life support systems into short-term profits. The fight to protect the global commons – particularly the world's precious freshwater sources – is a fight for planetary survival that takes its lead from communities in the Global South where the fight against privatization of water has already become a life or death struggle. The movement for direct democratic control of our most precious resource – water – has the potential to unite the vast majority of people against the forces of corporate greed. It's not too late to assume collective responsibility for our shared water heritage and spawn a new legacy of responsible, ecologically and socially sustainable, stewardship of our watersheds, but we must act now.

The world is running out of freshwater

Despite the seeming abundance of water on this planet, less than one half of one percent of the earth's water is able to support human life. The rest is trapped in oceans and polar ice. A modern legacy of factory farming and flood irrigation, the building of mega-dams, toxic dumping, wetlands and forest destruction, and pollution and urban sprawl has rapidly depleted the world's limited supply of fresh water. Already, over one billion people lack access to clean water and 2.5 billion people don't have adequate sewage and sanitation services. Consequently, over 20,000 people – mostly children – die daily from water born diseases such as diarrhea and cholera.

To add to the threat's facing the planet's lifeblood while the world's population increases by 85 million new people every year, per capita water use is doubling every twenty years. This insatiable thirst is being driven mainly by modern industrial farming and manufacturing, which consume respectively 65% and 25% of water used by humans. But humanity is paying the price for the exploitation of this essential resource. By 2020, two-thirds of the world's population is expected to lack access to clean water if the current development continues.

Conflicts over scarce water supplies threaten to destabilize entire regions and are likely to define the next century in much the same ways that conflict over oil have in recent times. Hotspots where water reserves are dwindling include the Middle East, Northern China, Mexico, California and almost two dozen countries in Africa. Israel, for example, is threatening to re-ignite war against Lebanon if the Lebanese government carries out its plans to tap a tributary of the Jordan River, which is a major source of Israel's scarce water.

Similar border disputes between US and Mexico over the Colorado and Rio Grande rivers, which are so over-tapped that they no longer empty into the sea for weeks at a time, may soon escalate as well. In the free trade zones along the US-Mexico border, water is a precious commodity, delivered weekly to many communities by truck or cart. Clean water is so scarce that children are forced to drink expensive soft drinks or bottled water to avoid serious health risks. For the first time in history, more people now live in cities than in rural areas, so the demand for drinking water in urban centers threatens to tap water supplies traditionally earmarked for agriculture, creating a food security crisis.

Profiting from planetary misery

Global capitalists see this water scarcity crisis as a huge profit making opportunity. If corporations control the limited supplies of an element that no one can do without, they stand to gain untold fortunes. Water is the new oil. In 2001 the water services industry, dominated by just a handful of corporations, made close to a trillion dollars in profits, which is substantially more than the pharmaceutical sector and almost 40% of the oil industry's revenues. "Water is the last infrastructure frontier for private investors," says Johan Bastin of the European Bank for Reconstruction and Development. Selling water to the highest bidder will only exacerbate the worst impacts of the world water crisis.

Throughout history, societies have viewed water as a sacred, common heritage to be protected and shared. In fact, only 5% of the world's water is now privately controlled. Because of its vital nature, the United Nations Declaration of Human Rights recognizes access to water as a basic right of all people. The World Health Organization has identified clean water as the single most important factor in determining public health. For centuries, governments have invested public resources in constructing water and sanitation infrastructure in order to deliver safe and clean drinking water. Outbreaks of water born

diseases such as typhoid and cholera were nearly eliminated from the Americas after public water utilities were developed in urban centers. In the United States, for example, 85% of the population receives water from taxpayer subsidized, publicly owned and operate utilities. Unfortunately, after decades of neglect and mismanagement, the federal EPA is now estimating that it will cost nearly \$650 trillion to repair and upgrade decaying water and sewage infrastructure.

Corporations and investors are ramping up a concerted, multi-pronged effort aimed at forcing governments to privatize public services and commodify water in the global commons. Already, giant European corporations have forced much of England and France to turn over their water systems to the private sector. The result has been rate increases, deteriorating service, loss of local control and increased corruption. Since water services were privatized in France, customer fees have increased by 150 %. A number of public officials have been convicted of accepting bribes from companies bidding on public service contracts and sentenced to time in prison.

Private corporations seek to increase profit margins by cutting costs; hence privatization is almost always accompanied by lay-offs and inferior services. In England, private companies fired almost 25% of the work force, approximately 100,000 workers, when they acquired rights to the water system. Delays in service and accidents routinely follow the firing of often the more experience personnel. Since 1999, Thames Water, the largest water and wastewater company in England, has been convicted of environmental and public health violations two dozen times and fined roughly \$700,000 after allowing raw sewage to flow into open waterways, over streets, onto people's lawns and over children's toys—even into people's homes.

The same multinational corporations aggressively taking over the management of public water services around the world are now vying for the lucrative U.S.

market, one of the world's largest with annual revenues estimated at \$90 billion. A change to the US tax code in 1997 has opened the way to greater private sector involvement in the US water delivery and treatment business. Companies are now able to bid on 20-year contracts that include the operation, design of new plants or upgrades, maintenance and even complete transfer of ownership of water systems to the private sector. Until now, the US water industry has been controlled mainly by small public utility operators. In rural areas, small, privately owned utilities were common, but even these are rapidly being bought out by multinational corporations. These companies have weaseled into venues like the US Conference of Mayors where they peddle privatization as a simple, cost saving solution to cities' aging infrastructure and regulatory compliance headaches.

On a global scale, water privatization is being pushed by the World Bank and International Monetary Fund in dozens of financially-strapped countries, where global water conglomerates are dramatically raising the price of water beyond the reach of the poor and profiting from the Global South's search for solutions to its water crises. Corporations like Bechtel, Vivendi, RWE and Suez cherry pick the profitable urban water systems while letting shantytowns and rural areas fall by the wayside. The World Bank has made privatization of urban water systems a condition for receiving new loans and debt cancellation. In Ghana in 2001, the World Bank required urban water rates to be increased 95% to prepare for privatization by making the water system appear more lucrative for international bidders. Following these rate increases, a number of people were jailed for being unable to pay their water bills. Many people that live in urban slums without access to tap water pay even higher prices for water delivered by private tanker truck operators. The poor, particularly women or girls whose traditional duties include collecting water, and babies suffer considerable hardship, illness and even death when they are forced to consume unsafe water after public supplies become too expensive.

Water for All, Not for Sale

All hope is certainly not lost. The fight to protect the world's water from corporate control is well underway and rapidly gaining new ground. Powerful, vibrant social movements against water privatization have gained a number of key victories in countries including Bolivia, Argentina, Nicaragua, Thailand, Ghana, South Africa and the United States. In August 2002, the Nicaraguan National Assembly became the first parliament in the world to suspend private profit making in the use of water. Nicaragua has faced the privatization of its banks, telecommunications and electricity plants, but when the government, at the behest of the World Bank and the Inter-American Development Bank, began to push for the privatization of the major hydro-electric plants and the water utilities in the country, the people of Nicaragua drew the line in the sand. The Nicaraguan anti-privatization law sets an important precedent across the Americas.

In Cochabamba, Bolivia, thousands of workers, peasants, farmers, and students soundly rejected water privatization by ousting Bechtel in 2001 after the company raised water rates by up to 200% and began taking over local wells. This heroic battle was not without grave consequences, leaving one young man dead, and a number of wounded. Bechtel – a company that made \$14 billion in profits in 2001, nearly double Bolivia's entire GDP – is now using an investment treaty to sue the Bolivian government for \$25 million in estimated lost profits. The case is being heard not in a domestic court in Bolivia, but in the World Bank's secretive International Court for Settlement of Investment Disputes based in Washington, DC. Hundreds of social and environmental justice groups and pro-democracy organizations have called on Bechtel to drop this egregious suit.

South Africa is at the heart of the international movement to demand access to clean and sufficient water as a fundamental human right. Coalitions

such as Anti-Privatization Forum and Soweto Electricity Crises Committee are organizing against the illegal cutoffs of water and electricity in poor townships. South Africa is (one of?) the only country to guarantee basic water rights to every person in their national constitution. Yet more than 10 million residents have had their water cut off since the government implemented a World Bank-supervised "cost recovery" program. More than 100,000 people in Kwazulu-Natal province became ill with cholera recently after water and sanitation services to local communities were cut off for nonpayment. Privatization has also involved the installation of pre-paid water meters – a technology that was legally out ruled in England.

The Real Solutions are Clear and Simple

The solutions to the world's water scarcity crises are readily available: expand public and community controlled water utilities, repair dilapidated water systems, save water by installing drip irrigation systems rather than flooding, stop polluting existing supplies, water conservation and reclamation and watershed management to name a few. None of this will happen if capitalism continues unchecked and corporations are permitted to turn the global commons into profit playgrounds. If we allow the commodification of the world's fresh water supplies, we will lose the capacity to head off the impending water crises. We will be condoning the emergence of water elite that will determine the world's water future in its own interest. In such a scenario, water will go to those who can pay the most, not to those who need it. This is a scenario we cannot afford.

In the United States, campaigns such as Public Citizen's Water for All campaign are helping to organize communities to fight the privatization of water services and corporate takeover of water supplies both at home and to unite with movements in other countries that are fighting against many of the same corporate actors to keep their water safe and protect water as a human right. This is a global

movement that is just beginning to flex its power and develop new strategies to protect the global commons.

This movement shares the views that water is a common good and access to water is an inalienable human right. Water belongs to the Earth and all species and must not be treated as a private commodity to be bought, sold and traded for profit. Because the global water supply is a shared legacy, protecting it is a collective responsibility – not the responsibility of a few shareholders.

Top 10 Reasons to Oppose Water Privatization

Privatization Leads to Rate Increases

Corporations have utilized rate hikes to maximize profits, which, by definition, is their bottom line. This bottom line often comes at the expense of water quality and customer service, but not at the expense of maintaining inflated executive salaries. Among the more unseemly aspects of handling water as a marketable commodity, rather than a basic human need and a natural resource, is that the poor are often denied access. Because living without water is not an option, people are often forced to consume unsafe water, lest be faced with going without food, medicine or education.

Privatization Undermines Water Quality

Because corporate agendas are driven by profits rather than the public good, privatization usually results in the compromising of environmental standards. The National Association of Water Companies (NAWC), which represents the U.S. private water industry, intensively and perennially lobbies Congress and the Environmental Protection Agency to refrain from adopting higher water quality standards. The NAWC also persistently requests that all federal regulations be based on sound cost-benefit analysis, which means that public health is compromised for the sake of higher profits.

Companies Are Accountable to Shareholders, Not Consumers

In many cases, deals that government agencies make with water companies include exclusive distribution rights for 25 to 30 years, effectively sanctioning a monopoly. Companies are under little pressure to respond to customer concerns, especially when the product in question is not a luxury item that families can do without if they are dissatisfied with the performance of the only provider.

Privatization Fosters Corruption

The very structures of privatization encourage corruption. Checks and balances that could prevent corruption, such as accountability and transparency, are missing at every step of the process, from bidding on a contract to delivering water. Contracts are usually worked out behind closed doors with the details often still kept secret after the contract is signed, even though it is the public that will be directly affected by the conditions of the contract. This situation opens itself up to bribery, which, if recent scandals throughout the world are any indication, is not an uncommon occurrence.

Privatization Reduces Local Control and Public Rights

When water services are privatized, very little can be done to ensure that the company be it domestic, foreign or transnational will work in the best interest of the community. Furthermore, if a community is dissatisfied with the performance of the company, buying back the water rights is a very difficult and costly proposition. Again, the prime directive of the water companies is to maximize profits, not protect consumers.

Private Financing Costs More than Government Financing

There is a false perception that when water services are privatized, the financial burden will shift from the public to the private sector, which will save taxpayer money by assuming the costs of repairing, upgrading and maintaining infrastructure. In reality, taxpayers simply wind up paying for these projects through their monthly bills. Tax-free public financing translates into lower-cost projects, while taxable private financing results in higher interest rates. As a result, consumers are also forced to make these higher payments on company loans.

Privatization Leads to Job Losses

Massive layoffs often follow in the wake of privatization, as companies try to minimize costs and increase profits. At times, service and water quality are put at risk due to understaffing. As a result, layoffs can be devastating not only to the workers and their families, but to consumers as well.

Privatization is Difficult to Reverse

Once a government agency hands over its water system to a private company, withdrawing from the agreement borders on the impossible. Proving breach of contract is a difficult and costly ordeal. And multinational trade agreements provide corporations with powerful legal recourse. A private company, for example, can use the North American Free Trade Agreement's secretive tribunals to contest challenges to privatization. And in World Bank loan deals, which often makes water privatization a condition, companies are usually guaranteed cash payments if a government agency returns its water system to public control.

Privatization Can Leave the Poor with No Access to Clean Water

Contrary to public assertions, World Bank and International Monetary Fund privatization schemes in the developing world usually result in reduced access to water for the poor. "Structural adjustment" programs foisted upon governments seeking loans often include water privatization as a condition. Impoverished, politically enfeebled countries are hardly in a position to refuse these conditions, as doing so would cause them to default on their debts. As a result, the World Bank and IMF are able to provide lucrative and virtually risk-free contracts for multinationals, due to guaranteed rates of return and investment protection clauses.

Privatization Would Open the Door for Bulk Water Exports

Fully aware of bleak water supply prognostications, corporations are in a mad dash to obtain access to fresh water that they can sell at huge profits, as high as 35 percent. It goes without saying that those who control water supplies will exercise economic and political power at almost unimaginable degrees. Bulk water exports transporting water from water-rich countries to water-poor countries could have disastrous consequences. Massive extraction of water from its natural sources can result in ecological imbalance and destruction. Disrupting aquifers by over-extraction often damages the environment and socioeconomic standards. Groundwater is being over-extracted as it is, and once aquifers are emptied or polluted, they are almost impossible to restore.

The Privatization Model

Water Privatization in Disguise

Publicly controlled entities ideally promote:

- * universal access to service
- * equality
- * fair procedures
- * participation

Publicly controlled utilities promote the **access** for all citizens without limiting discrimination. The rule is used both in terms of price protection in order to ensure access despite differences of income and through protection of consumers who live far from public infrastructure. The public utility cross-subsidize available funds and at times transfers income from other sources to essential services. This leads to **equal** access of all citizens. Public utilities promote **fair procedures**. If a service is essential to citizens a higher procedural burden is promoted. Such procedures will allow the consumer to dispute and challenge charges. An essential service, such as water provision would likely be impossible to cut-off. Publicly controlled utilities ideally promote public **participation** in running and making decisions about water utilization. In some countries citizens are considered shareholders and elect the utility board directly, in others citizens are appointed to serve as controllers of utilities.

Privately controlled entities ideally promote:

- * right not to serve
- * cost-recovery
- * 'you get what you pay for'
- * minimal procedural rights
- * exclusive decision making

A privately owned utility is primarily there to make a profit and secondarily to deliver a service. Private companies therefore reserve a **right not to serve** citizens who live far off the grid or who are not able to pay for **cost-recovery** of their service. Private compa-

nies are not interested delivering service to consumers who are not able to pay them full cost of deliver and they do not cross-subsidize from wealthy to poor consumers. **You only get what you pay for** and low-income and poor consumers therefore receive an inferior service, including longer waits for repairs and less staff for service calls. Private companies are only interested in **minimal procedural rights** and are known to challenge the rights or the consumers in court. Citizens are not invited to take part in **decision making** unless they own shares in the private corporations and control is therefore removed from local influence with the exception on wealthy shareholders who might reside in the area.

Water privatization takes many disguises. 2 models dominate the market: the British and the French model.

In Britain, the right-wing government sold all water assets in 1989 in a so-called divestiture model (see below). This resulted in massive lay-offs, price hikes, pollution of water and inferior service delivery. France has the longest experience of water privatization. The private sector has been involved in water provision since the 19th century. The private sector is mainly involved in large urban areas and serves 85% of the population, though only 80% of the communes. The main model used in France is the concession model that is also promoted by the World Bank. It has lead to widespread corruption, overcharging for services and weak control of the companies.

Privatization in these two countries has lead to a monopolization of the water and wastewater industry. Out of initially 30 companies in Britain, now there are less than a dozen. In France two companies dominate the industry. The three largest companies dominate 40% of the global water business. Two are French and one is German.

There are many nuances of water privatization, ranging from service contracts outsourcing billing or metering to full divestiture where all assets and resources belong to the private industry (as in Britain).

Water privatization goes by many different names, such as public-private partnerships, outsourcing, procurement, and contracting out. Such names are used to make the public believe that there is control over our basic resources. These titles are all privatization models how ever nice they sound they are used as a first step to buy up our most essential resource. (This is even admitted on the World Bank website).

Privatization can take many forms, but the most common ones are: service contracts, design-build-operate and build-operate-transfer contracts, concessions or leases, and asset sales. Following is the brief summary of each:

Service Contracts (O&M)

Contracting out operations and maintenance (O&M), and often management, is the most popular form of privatization. Under such contracts, the community retains ownership of the water and sewer system and continues to set rates. Typical examples of the scope are meter reading/installation, pipe repairs, billing or maintenance. Service contracts are typically used as a first phase of full-scale privatization.

Examples: Mexico City. In order to bring private investment to the city, the government had to assure stability to private investors, and thereby becomes

	Service contract	Management contract	Lease contract	Concession contract	BOT/DBO contract	Asset ownership
Asset ownership	PUBLIC	PUBLIC	PUBLIC	PUBLIC	PUBLIC/PRIVATE	Private
Operation/maintenance	PUBLIC/PRIVATE	PRIVATE	PRIVATE	PRIVATE	PRIVATE	Private
Capital investment	PUBLIC	PUBLIC	PUBLIC	PRIVATE	PRIVATE	Private
Commercial risk	PUBLIC	PUBLIC	SHARED	PRIVATE	PRIVATE	Private
Typical duration	1-2 yrs	3-5 yrs	8-15 yrs	25-30 yrs	20-30 yrs	Never ending

legally and economically liable in case the currency slips or there is public outrage. Supported by the Inter-American Development Bank that will continue to assist private initiatives in the region. The World Bank acknowledged that private sector involvement in Mexico has resulted in lost of 20% of the jobs (Public Policy for the Private Sector, Note no 117-June 1997, World Bank Group, p1).

Management Contract

Management contracts are similar to service contracts, but the scope is larger; including operation and maintenance. Management contracts typically fail to deliver to areas with poor or non-existing infrastructure.

The government is responsible for investment, while the private sector harvest the fruits of such investment. Management contracts are used to penetrate countries and ripen them for full-scale privatization without creating any risks for the private sector.

Examples: Trinidad and Tobago (Severn Trent), Karnataka (India), Gaza (Palestine), El Sharkia (Egypt and Amman (Jordan).

Lease Contract

Under a lease contract the government leases the assets to a private company, which in turn takes responsibility for operation and maintenance for the period, agreed to under the contract. The private company assumes the right to collect any revenues from the operation. The government assumes the responsibility of planning and finance improvements.

This typically creates problems to distinguish between maintenance costs (supposedly paid by the private investor) and the replacement investments (supposedly paid by the government).

Examples: Guinea, Senegal, Czech Republic, France, Spain, Cote D'Ivoire (now replaced by concession)

Concession

A government can choose to lease its water system to a private company by giving the company a concession. The company becomes responsible for maintaining the system, investments, and setting rates for a period. In essence, the government sells of the assets and all control for a period and has the option to acquire it back once the contract expires. As a rule, the company also makes a one-time payment to the governmental unit. Once the contract expires, transfer of the operating responsibility back to the public sector may prove difficult. By the time the concession expires, the government has often lost both the employees and expertise.

Examples: Buenos Aires, Manila, Cote D'Ivoire, France, Macao, Malaysia,

Design-Build-Operate (DBO) and Build-Operate-Transfer (BOT)

Instead of bidding out engineering and construction separately in accordance with public bid law, municipalities can opt for a full package of designing and building a facility. Contracts often include the operation component because public officials reason that this should encourage private companies to construct high quality infrastructure. The governmental unit generally retains ownership of the built facility. *Build-Operate-Transfer* (BOT) contracts provide for the transfer of the constructed facility to the public entity after it has been privately built and operated for a designated period of time.

Asset Ownership

Private ownership of a community's water system is the most extreme form of privatization. Some of the large water corporations attempt to convince communities to sell public systems, and more frequently the largest companies have been acquiring systems in communities through acquisition of smaller companies.

Examples: England; Lexington, Ky., Charleston, W.Va.,

The water corporations

The Greedy Water Barons

There are only a handful of major corporate players now operating water utilities for profit. The two biggest are both from France – Veolia Environnement (formerly Vivendi) and Suez Lyonnaise des Eaux. Between them, they deliver private water and wastewater services to more than 200 million customers in 150 countries and are in a race, along with others such as Bouygues Saur (French), RWE – Thames Water (German-British merger) and Bechtel-United Utilities (US) to expand to every corner of the globe.

Like many other sectors of the global economy, the water industry is afflicted with merger mania as the European giants buy out a number of domestic water companies in order to control and penetrate new markets. In 1999 there were more than \$15 billion worth of water acquisitions in the US water industry alone, and all the big water companies are now listed on the stock exchanges. In the U.S., Veolia moved into the country through purchasing US Filter (since renamed Veolia Water), Suez operates through its subsidiary United Water, and RWE-Thames by way of American Water Works. A number of communities, such as Lexington, Kentucky and Felton, California are shocked to find out that their local utilities have been taken over by a multinational entity which is pushing for rate increases in order to pay off enormous corporate salaries, shareholder dividends and huge acquisition debt. Concerned residents are now organizing to reclaim control of their private utilities and place them in public hands.



How international organizations promote water privatization

The World Bank and the Global Water Barons

The World Bank has spent the past two decades on undermining access to basic services such as health, education, clean energy and water through so-called structural adjustments. Structural adjustments are applied to countries that seek loans from the bank and are used as conditions for rewarding the credits. These adjustments include public sector budget cut-backs, privatization and deregulation through the program of "public sector reform." Often, loans given to related sectors include conditionalities of privatization of other state assets. In order to strengthen this policy the World Bank and the IMF has two agencies that lend exclusively to private sector development, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

The World Bank is marketing its policies as a "knowledge bank." But instead of providing open access to different development models and possibilities, the World Bank has established a knowledge monopoly by providing research data, information and theory that all supports supply-side models and market based solutions. World Bank appraisals of privatization continuously fail to assess the impact on low-income groups and ignore parameters such as cut-off's from services, equality of service delivery, procedural rights, price increases and price structures.

The World Bank has established partnerships with so-called independent NGO's such as the partnership between the Global Water Partnership and the World Water Council. These partnerships attempt to soften the justifiably harsh image of the global water companies by introducing flawed discourse on environmental and social responsibility. Through such partnerships, the World Bank exchanges staff with

the global water barons and awards them a key insight of how to maneuver and get influence in the bank. This is a partnership that is not offered to any civil society groups, who supposedly benefit from such policies. In this way we give the corporations our taxpayer money in order to extort the Global South.

World Bank policies assist a small number of water barons to gain increasing control over our basic resources. Using the bank (and your tax money), the barons buy the few profitable utilities from struggling governments in the South and leave the unprofitable utilities to be managed from a diminished public sector. The unprofitable utilities are based in small urban or rural settings, areas the bank should ideally support to improve their infrastructure.

There is a growing public dissent in many countries. The policies of the World Bank are under attack for increasing poverty and creating corporate powerhouses instead of alleviating poverty.

Read about the World Bank and IMF:

http://www.citizen.org/cmep/Water/cmep_Water/wbimf/index.cfm

<http://www.bicusa.org/>

Visit the World Bank on <http://www.worldbank.org> or IMF on <http://www.imf.org/>

Relevant reports:

Bond, Madubanya, Ngwane, Swatuk and Zandamela, *Bretton Woods Water Management in Southern Africa*, draft paper for the Centre for Social and Development Studies Project on Donor Funding, University of Natal, Durban, October 30, 2001.

Communities engaging in World Bank

Bonds-boycott:

Municipalities

City of Cambridge, Massachusetts

City of Milwaukee, Wisconsin

City of Boulder, Colorado

City of Takoma Park, Maryland
 City of San Francisco, California
 City of Oakland, California
 City of Berkeley, California
 Churches
 Adrian Dominicans
 Franciscan Friars, Order of Friars Minor, Sacred
 Hearth Province, St. Louis, MO
 Franciscan Friars, Order of Friars Minor, Assumption
 Province, Franklin, Wisconsin
 Franciscan Friars, Order of Friars Minor, Province of
 St. John the Baptist, Cincinnati, Ohio
 Conference of Major Superiors of Men
 Immaculate Heart of Mary Leadership Council
 Racine Dominicans
 The Marianites of Holy Cross
 The Sisters of Holy Cross
 The Eastern Province of Brothers of Holy Cross
 Sisters of St. Joseph of Orange
 Pax Christi, USA
 School Sisters of Notre Dame Cooperation
 Investment Fund
 Sisters of the St. Francis of Tiffin, Ohio
 Sisters of the Holy Cross
 Unitarian Universalist General Assembly
 Marianist Brothers and Priests Provincial Council,
 New York
 Sisters of Loretto
 Illinois Disciples Foundation
 Walk Lutheran Church, Minneapolis, MN
 Macalester Plymouth Methodist Church, MN
 Many foundations and 28 national and international
 labor unions have signed the pledge. More informa-
 tion can be found on <http://econjustice.net/wbbb/>

What you can do:

Lobby your local officials and get your town to boy-
 cott the World Bank Bonds.
 Demand open procedures when the World Bank uses
 our tax money to promote privatization in the South.
 Support the groups that work to close the World
 Bank down.

Corporate Control Means Global Control

The push to commodify – or turn water into an economic good to be traded in global markets just like shoes or automobiles – is taking place internationally through corporate-backed trade agreements such as the World Trade Organization and NAFTA.

Environmentalists fear that once water has begun to be traded, the “rights” extended to corporations by the trade deals will make the export of bulk water impossible to reverse. A California-based corporation, Sun Belt, is currently using NAFTA’s “investor state” Chapter 11 provisions to sue Canada for \$10.5 billion in estimated lost future profits after British Columbia banned the export of bulk water.

Environmental, public health and equity considerations have been repeatedly struck down by the WTO and NAFTA’s corporate-biased courts.

According to the key trade principle of “national treatment,” no signatory government can deny a foreign corporation from a NAFTA or WTO country access to a water supply once it has been commercially tapped. Under NAFTA’s “proportionality clause,” corporations must be allowed to access another country’s water supplies once a commercial operation has begun, even if cutbacks to exports are required during a time of drought or for ecological reasons. These rules are opening the doors for global corporations to export bulk water, using refurbished oil tankers or even giant, plastic bags—from the water rich areas to sell to wealthy populations and corporations in water poor areas—with no regard to ecological or social impacts.

Under tremendous lobbying pressure from the European water conglomerates, water is also likely to be listed as a “service” in the WTO’s General Agreement on Trade in Services (GATS) and in the Free Trade Area of the Americas (FTAA). Under these agreements, governments that privatize municipal water services can not restrict the bid process to local companies, but must permit bids from all multi-national water corporations based in WTO or

NAFTA countries, regardless of their track record. Local water conservation or pollution prevention initiatives, or improvements in water quality standards, may come in conflict with GATS, NAFTA or FTAA provisions that prohibit restrictions on a company's ability to profit. In California, the Vancouver-based Methanex Corporation is using NAFTA's Chapter 11 to sue for nearly \$1 billion in lost future profits after the governor banned their product – MTBE – a toxic gasoline additive that has contaminated water sources throughout the state.

In the U.S., a number of communities fighting the corporate control of their public utilities have adopted a campaign strategy of passing local initiatives to allow voters to directly decide if their water services should be contracted out. A grassroots coalition in New Orleans, Louisiana led by ACORN, Services Employees International Union, and Public Citizen recently defeated what would have been the largest water privatization in the country after a public ballot initiative requiring a citywide vote on privatization passed by a 9 to 1 margin. In the summer of 2002, residents of Stockton, California gathered 18,000 signatures to qualify a similar initiative for an election. Citizen petitions like these could someday be struck down in a global trade court as being a barrier to investment, on the basis that these initiatives “discriminate” against foreign corporations. Publicly funded utilities could also be attacked by multinationals for giving domestic operations an advantage. Currently, the United Parcel Service is using NAFTA to challenge Canada's domestic postal system as “unfairly subsidizing” the express mail delivery service.

Stealth and the pretense of neutrality

Global water corporations are creating their own pseudo-government water policy-making entities and have successfully lobbied to dominate the agenda of international forums that once held the promise of solving the world's water crisis. At the World Summit on Sustainable Development in

Johannesburg, a number of groups, disgusted with the level of corporate co-optation, issued a statement that read, “The summit has been hijacked by corporate and national interests and market driven jargon.” The foundation stones for this corporate power grab were laid after the first United Nations Conference on Environment and Development in Rio de Janeiro, Brazil in 1992. Multinational corporations and free market economists helped create three interrelated agencies called the Global Water Partnership, the World Water Council, and the World Commission on Water for the 21st Century that appear to be neutral venues for addressing critical water issues. In reality, these organizations promote the privatization (often masked in the euphemism of “public-private partnerships”) and export of water resources and services through close links with global water corporations and international financial institutions such as the World Bank and the IMF. Their meetings, namely the World Water Forum, have become a target for global protests by groups that believe access to water is a basic human right which should be guaranteed to all by protecting and democratically managing the global commons.

Water privatization around the world: Privatization in the U.S.

Service and Design-Build-Operate Contracts

Atlanta, GA. Soon after the city contracted out the operation and maintenance of its water system in 1998, it began receiving complaints of slow service, broken fire hydrants and brown drinking water flecked with debris. Audits of the contract reported a growing maintenance backlog, the company's failure to meet its financial obligations, and significantly lower training hours than required by the contract. The company also experienced difficulties meeting performance targets for pH, turbidity, and phosphate at one of its plants and took longer than required by the contract to install meters and respond to meter leaks. At the same time, the company asked for almost \$38 million of additional payments through change orders and sought to increase the contract by \$80 million. Atlanta cancelled the contract in 2002, four years into the 20-year pact, and has returned the system's operation and maintenance to a public entity.

Stockton, CA. In late 2003, in an unprecedented legal decision, a San Joaquin County Judge ordered the City of Stockton to rescind its water privatization contract with OMI-Thames and return the utilities to municipal operation. The city violated the California Environmental Quality Act (CEQA) by not conducting an environmental review of the risks of privatization prior to signing the 20-year \$600 million contract. Thames Water's first in the U.S. This is also the first case which applies CEQA to a utility operations and management contract. OMI-Thames took over the operation of Stockton's drinking water, waste water and storm water utilities on Aug. 1, despite widespread public opposition including a citizen's referendum requiring a citywide election on any water services contract worth over \$5 million, which was soundly

passed by voters in March. The City of Stockton had rushed the deal and approved the contract just two weeks prior, in order to avoid public oversight. Instead of saving the city money, this experiment with privatization has cost utility ratepayers over \$5 million in consultant fees, lawyers, and severance pay to public employees whose jobs were privatized. Now the city is planning to waste even more money appealing the judge's decision.

Lee County, FL. In October 2000, county officials chose to return its water and sewer systems to public control after an audit revealed serious problems with the private contractor. Equipment was not in maintained in acceptable working condition. Hazardous waste was poorly handled and reported. Preventive maintenance was performed late and some work was not done at all. After public control was restored, the county's utility director estimated the company's failure to properly maintain infrastructure would cost citizens more than \$8 million. Litigation ensued.

Tampa, FL. Tampa Bay Water, a public agency that provides water to customers in Tampa, Fla., is being forced to buy a desalination plant currently under construction from Covanta Energy to assure its timely completion and to avoid fines from the Southwest Florida Water Management District. Stone & Webster, an engineering firm originally hired to design and build the plant, went bankrupt, and on April 1, 2002, Covanta Energy, which replaced it, filed for Chapter 11 bankruptcy protection. Earlier, the company failed to put up a performance bond as required under the contract, jeopardizing Tampa Bay Water's efforts to obtain financing for the plant. Covanta was to operate the plant for several years after the completion.

Private utilities

Charleston, WV. The city's water provider, American Water Works, has some of the highest water rates in the nation, 221 percent higher than the rates of its

largely public counterparts in comparable cities, surveyed by Raftelis Consulting. The company justifies high rates and frequent rate increases by the high cost of operations in the mountainous state. However, the consumer advocate in the state's Public Service Commission feels that the company is forcing its customers to finance its expansion. According to him, the most recent rate request was to recover \$750,000 the company spent on trying to acquire the water system in Parkersburg, WV.

Chattanooga, TN. In 1998, the city tried to buy out the private water system, hoping to reduce rates by 25 percent, save \$100 million over 10 years, and tackle the excessive fire hydrant fees. The company responded with a multimillion dollar public relations campaign and even had a contractor perform a background check on the city mayor and his chief of staff. The company succeeded in beating back the buyout attempt; however, it did agree to lower its fire hydrant fees from \$301 to \$50 per hydrant.

Huber Heights, OH. In 1993, the company that owned the city's water system sold it to American Water Works, even though the city tried to buy the system in fear that the new owner would raise rates and act against the municipal interest. The fears materialized when the new owner increased rates by 30 percent and contracted to provide water outside of the city limits without requiring annexation, as the city desired. The city's attempt to buy out the system was met by the company's extensive public relations effort. Eventually, an out-of-court settlement was reached. However, the company's contractual obligation to pipe water outside of the city remains unresolved.

Peoria, Ill. A process is underway to buy back the city's water system. The city feels that public ownership would reduce the operating costs and cut the rates by 30 percent in the first ten years of public ownership (the company's rates are among the highest in the country). A financial analysis prepared by a leading consultant showed that the city would have

\$6 million a year in excess revenues if it owned the water system itself. However, money is not the only driver. In 2001, the EPA fined the company \$168,488 for failing to promptly report a release of vapors in 1998. A Peoria firefighter was hospitalized after breathing the fumes.

Pekin, Ill. Private operations brought a 204 percent water rate increase over 18 years – significantly higher than increases in Illinois cities with public water systems. Infrastructure repairs were not performed on a timely basis. During the 1998-1999 school year, service to two schools was cut off for a week, with teachers being notified by a note taped to the door just before students arrived. In response, city officials began to advocate reclaiming public control. The company responded with an estimated \$1 million public relations campaign, which succeeded in halting the initiative, at least temporarily.

The Water Declaration (sample)

We declare these truths to be universal and indivisible:

Water is a common good, the trust of all humanity. The right to water is an inalienable individual and collective right. Each member of the human community has the right to water in quantity and quality sufficient to life and basic economic activities. Water belongs to the Earth and all species and therefore, must not be treated as a private commodity to be bought, sold and traded for profit.

The intrinsic value of the Earth's water precedes its utility and commercial value and therefore must be respected and safeguarded by all political, commercial and social institutions. Creating the conditions necessary to ensure access to water for the vital needs of every person and every community is an obligation of society as a whole; and the collective responsibility of citizens of the world.

The global water supply is a shared legacy, a public trust and a fundamental human right, and, therefore, a collective responsibility. Only through a high degree of democracy at local, national and international levels, which recognizes these principles, can an equitable and sustainable water policy be created.

And,

Whereas, the world's finite supply of available water is being polluted, diverted, extracted and depleted so fast that millions of people and species are now deprived of water for life, and

Whereas governments around the world have failed to protect their precious water legacies,

Therefore, citizen organizations in the U.S. join with people around the world to declare the Earth's water supply to be a global commons, to be protected nurtured and judiciously managed by all peoples, communities and all levels of government. Furthermore, we declare that water should never be privatized, commodified, traded or exported for commercial purpose. It must immediately be exempted from all existing and future international and bilateral trade, investment, credit and other agreements, including all credit agreements between governments and the International Monetary Fund (IMF), World Bank and other multilateral banks. Because the world's water supply is a common asset, it should not be sold by any institution, government, individual or corporation for profit.

Declaration on International Affairs

Citizen organizations in the U.S. join with people around the world, to declare the Earth's water supply to be a global commons. We declare that water should never be privatized, commodified, traded or exported for commercial purpose and must immediately be exempted from all existing and future international and bilateral trade and investment agreements.

We advocate immediate action by the U.S. government to be a party to an international treaty, signed by nation states and Indigenous Peoples, to administer the Earth's fresh water supply as a trust. Additionally, because citizens must be at the center of any decision making process, citizen organizations will establish a World Water Parliament.

Along with our partners globally we call upon governments all over the world to take immediate action to declare that the waters in their territories are a public good and enact strong regulatory structures to protect them from over-use and abuse. Because the world's water supply is a global commons, it must not be sold as a commodity by any institution, government, individual or corporation for profit. The IMF, World Bank and other multilateral banks should not impose water privatization on governments as a condition to access credit.

The U.S. Water Contract embodies the underlying principles of the Water for All Campaign, which is the U.S. affiliate to the World Water Contract. The campaign coordinates activities with the Blue Planet Project, an international effort by the Council of Canadians.

Part Two – Outreach and Materials

Introduction – what can you do?

To prevent privatization

Keep a watch on the City Hall

Make sure that there is no talk of outsourcing, procuring, or contracting out operations of water and wastewater systems or selling these systems altogether. Municipal officials often commence and, sometimes, complete the privatization process without public debate on the merits of privatization.

Usually, the drive toward privatizing begins with city officials hearing about the potential benefits of privatization at a water-related conference or from materials published by the U.S. Conference of Mayors, National Council for Public-Private Partnerships, National Association of Water Companies and the EPA – proponents of privatization. Officials from other cities could also mention their positive experiences with contracting out water services.

The city would then invite a consultant to prepare a feasibility study. These studies often recommend privatization because many consultants are closely associated with the water companies. In addition, if a city plans to retain the same consultant for further services, the firm's privatization recommendation would bring in further business.

The bidding process involves issuance of requests for qualifications and proposals, documents that outline the required qualifications and the scope of the contract. Once the companies are qualified, they are eligible to submit proposals. The city with the help of the consultant then selects the winning proposal and signs a contract with the company. Private operations start shortly after.

Keep your local utility in check

Make sure that your local utility is properly maintaining its facilities and keeping them up-to-date. Negligence in doing so often creates conditions conducive to privatization.

Everyone should have access to safe and affordable drinking water. Unfortunately, public utilities do not always perform adequately in their role as stewards of the water and sewer infrastructure that has been financed with public funds.

Infrastructure must be properly maintained and preventative maintenance, coupled with gradual upgrades, is usually the most effective. Unfortunately, some utilities neglect performing these vital tasks because it may involve additional spending, and possibly moderate rate increases. Politicians are averse to raising rates because it is not politically popular and may cost them votes at the time of the election.

However, if preventative maintenance and timely upgrades are not performed, the costs will be much higher and the rates will have to increase significantly when the bill finally comes due. Politicians reason that by the time this happens they will have served their terms and would not have to deal with the problem.

The public must also make sure that the local utility is providing safe water. The EPA requires water providers to publish annual reports on water quality. Review these reports to see whether the contaminant levels exceeded the permitted standard, and if it is the case, put pressure on the elected officials to bring the system in compliance.

Encourage alternatives to privatization

Make sure that the local decision makers, community, and the media are aware of positive alternatives to privatization, such as restructuring, which can introduce improved efficiency and free up capital for infrastructure upgrades by reducing the operating costs.

The system improvements do not have to be financed with rates alone. Local utilities can often find savings by improving efficiency or partnering with another utility if consolidation makes economic sense.

Although many utilities are managed well, there are some that must improve. A top-heavy workforce managed by a political appointee who knows little about water will seldom make for a well-run utility.

Restructuring, also referred to as reengineering, of a water or wastewater department can often achieve results exceeding those offered by the private companies. The restructuring process usually involves improving workforce's flexibility and productivity. It also involves utilization of information technology to achieve a greater efficiency. For example Supervisory Control and Data Acquisition (SCADA) system allows employee to supervise a facility's operation from a remote location.

Even though these changes usually involve a reduction in size of the workforce, the reduction can be achieved through attrition and transfer to other city departments.

However, even if water and wastewater operations are optimized, savings may not always be sufficient to pay for capital improvements. If projected rate increases exceed the EPA's affordability guidelines and become a burden for the low-income population, ask the local government to evaluate feasibility of using non-water revenues to help finance upgrades, such as city budget allocations. The city may also consider implementing increasing block tariffs – rates that increase with the amount of water used.

Watch for improper exercise of influence

To win a contract, water companies could try to influence local officials through campaign contributions, well-connected city residents, doling out contracts to the friends of politicians, and even straightforward bribery.

Water companies can influence city officials through campaign contributions. These contributions do not even have to go directly to the targeted officials. For example, in 2000 executives of United Water working under a water contract in Atlanta gave nearly \$10,000 to the brother of Atlanta's mayor, who was running for state auditor in the neighboring North Carolina – even though the company had no operations there.

The companies can also subcontract to local businesses with close ties to the city officials. Generally, public bid laws hinder local officials' ability to award city contracts to businesses they favor. However, a private company is not required to adhere to the public bid laws, which allows it to subcontract work to the well-connected local firms.

Campaign contributions and facilitation of patronage are two basic ways for a private company to gain favor with the decision makers in the City Hall.

Allegations of influence peddling surfaced in bidding processes in Bridgeport, Conn., New Orleans, La., Houston, Texas and Atlanta and Fulton County in Georgia. Executives of leading multinational water companies have been indicted on criminal charges, and, in one case, imprisoned for bribery.

Please, report any improper exercise of influence to Water for All, Public Citizen, 215 Pennsylvania Ave. SE, Washington, DC 20024; 202.588.1000; cmep@citizen.org.

Oppose Privatization Language in Federal and State Legislation

Oppose pro-privatization provisions in the federal and state legislation. In 2002, the federal legislators tried to tie consideration of privatization to eligibility for federal assistance.

In recent years, bills have been introduced in Congress that would authorize a significant amount of federal financial assistance for water and wastewater infrastructure. Although the bills have had many positive provisions, they have also included language that made federal assistance for water and wastewater infrastructure improvements conditional on consideration of privatization.

Several groups criticized the pro-privatization provisions, including the National League of Cities, Association of Metropolitan Sewer Agencies, and Public Citizen. These groups persuaded lawmakers to remove the provision in earlier versions of the legislation, but that legislation itself was unsuccessful. Unfortunately, in renewed efforts to pass infrastructure funding bills, the pro-privatization language has resurfaced.

Call your representatives to oppose pro-privatization language in water legislation, while expressing support for a higher level of federal investment in water and wastewater infrastructure. Find out more about the current legislative developments at:
<http://www.citizen.org/cmep/water>.

If the process has already begun

Inform local officials and the community about the risks of privatization

Refute the idea that privatization is a panacea to current problems by informing your local officials, community, and media about cities that had negative experience with privatization.

City officials are usually exposed only to one side of the privatization story – one presented by the private companies and the industry consultants. However, the companies' marketing materials are biased in favor of privatization and do not provide an objective assessment. Although some cities have had positive experiences with short-term operation contracts, others have not. And the long-term contracts are still an experiment in progress, because not one has lasted longer than 5 years. The largest such contract, the now-defunct privatization experiment in Atlanta, turned out to be a fiasco, as the promised savings failed to materialize and the company failed to live up to its contractual obligations.

Insist on rigorous economic analysis—compare the costs

No community can judge the desirability of privatization without first performing a rigorous analysis of the current costs of running whatever components of a system are being considered for privatization.

Only when current costs are established can a community determine if there is a gap between those costs and what private companies might be expected to charge. If a substantial gap is discovered, then and only then should decision-makers solicit bids. But the gap should indeed be substantial, because the public sector is bound to incur a host of "residual" costs above and beyond the bottom-line number in a private sector bid, costs that can substantially erode any

savings or promised savings from a private contractor.

If, after a thorough and credible cost analysis is prepared, and public agencies have a clear understanding of the impact of residual costs—conversions, monitoring, costs of solicitation and, an election, etc.—on the savings promised by private bidders, it still may be in the public interest to retain public service.

Federal outsourcing guidelines, for instance, call for retaining public control unless a private bid can perform a service at a cost that is at least 10 percent less expensive than the public sector.

As was so sadly illustrated in Atlanta, just because a private company promises a percentage savings doesn't mean that the savings will occur. Anything less than 10 percent is far too marginal to risk privatization.

Advocate limiting the contract to 3-5 years and including an early termination provision

If the privatization is imminent, it is wise to limit the term of the contract to 3-5 years. The contract must include a provision that permits the local government to terminate the contract early, if needed.

Limiting the contract to 3-5 years will allow the city to bring the operations back in-house relatively quickly if the company's performance is unsatisfactory. It also allows the city to compare the fee it is paying to the going market rates and to decide whether it would get a better deal if it renegotiated or renewed the contract or offered it for a bid again. This would allow the city to make sure that the service it receives is competitively-priced.

The contract must contain an early termination clause that would allow the local government to end the contract before its expiration. The provision may require the government to compensate the company for its prior investment, but should not require compensation for potential profits. This safeguard is deci-

sive because without it, premature contract termination on terms favorable for the city would require to prove the company's breach of contract. This can be both difficult and costly.

Request that the city employees be allowed to submit a bid

A "managed competition" process allows current employees to submit a bid as do the private companies. If the local water department strives to become and remain competitive, the employee bid has a solid chance of being selected.

Employee teams often win managed competition. If the public operations are optimized employee team bids can be very competitive because they do not include profit expectations. For example, after Charlotte, North Carolina water department employees successfully bid and won managed competition, they were able to achieve 22 percent cost reduction, reduced personnel by 45 percent and met all targets.

Several private consultants, such as HDR Engineering and EMA Services, help public utilities optimize their operations and assemble a winning bid in a managed competition.

Request financial disclosures

Effective disclosure of companies' contributions to all local decision makers involved in the privatization process, as well as the disclosures of potential conflicts of interest involving both the local officials and consultants is essential to an untainted selection process.

Request that the request for proposal (the bid solicitation document that outlines the terms of the proposed contract) requires the companies submitting bids to file disclosure reports that list their contributions to the local decision makers. The reports should also include the professional history of the attorneys and the consultants, because it is very possible that they may have worked for or have a profes-

sional relationship with one of the companies.

Campaign contribution reports can also be an important source of information on improper exercise of influence. Unfortunately, contributions can be difficult to track because executives of a company can donate money without specifying that they work for a company that seeks city business.

Elected and appointed officials involved in the process must disclose payments and other benefits (such as free travel) they may have received from the companies, their attorneys, and their potential subcontractors. Companies may try to win the officials' favor by paying for them to attend conferences or visit their plants.

Private bidders frequently hire well-connected local law firms and individuals to lobby on their behalf. Please, inform Public Citizen if you become aware of any such instances.

Make sure there will be no stranded costs

The utilities compensate other municipal departments for support services, such as legal, financial, and personnel. After privatization, the city, and not the utilities, will have to provide compensation for the would-be performed services that become no longer needed.

Municipal departments are often integrated to assist each other. The utilities may be receiving support from other city departments with financial records, legal services, accounting, labor relations, personnel services, budget oversight and other services. These departments are compensated for such services by the utility.

If the utility is privatized these services will no longer be needed. However, the staff that provided the supporting services will be retained because generally the utility-related work comprises only a part of the workload. However, prior to privatization, utility would have paid for that share. After privatization, the addi-

tional costs for work no longer performed are borne by the city and the taxpayers.

The city must make sure that privatization will not create an unnecessary burden on the taxpayers by leaving stranded costs.

Make sure that savings are guaranteed

In O&M contracts, water companies often rely on change orders – reimbursements for work outside of the scope of the contract – to make profit. This can significantly reduce the savings potential or neutralize the savings altogether.

Any contract, no matter how elaborate, will leave something out. Companies capitalize on the service items not included in the contracts. They perform the tasks themselves or contract them out to other companies, and then send the bill to the city. In the case of public operations, however, these additional costs are usually absorbed by the utility budget. The company's choice of subcontractor to perform some of these jobs can also be questionable. A company can pay twice the market rate to a subcontractor, in an arrangement that would allow it to reclaim some of the payment. The subcontractor may even be a subsidiary of the same company. The company would not be interested in finding savings when it can send the bill to the city.

It is difficult to transfer responsibility for all capital and O&M expenditures to the company. The more responsibility is transferred and the more tasks are covered, the more difficult it will be for a company to request reimbursements through change orders. At the same time, the contract cost will increase the more responsibility is transferred.

If private operations exist

Make sure that the city is effectively monitoring contract performance

The city must have an effective oversight team to monitor the contract performance and make sure that the company is performing according to the contractual obligations.

Companies frequently fail to perform according to all contractual obligations when there is no monitoring mechanism in place. Unfortunately, many local governments feel that once the task of operating the system is transferred to a private company the water or sewer service is no longer of concern.

Private companies take advantage of the lack of monitoring and cut corners whenever possible. However, the company's failure to perform minor preventative maintenance tasks can leave the city with neglected infrastructure and a high cost of repairs.

Small towns should have at least one municipal employee monitoring the contract. Mid-size cities should have at least 3-5 employees. Finally, large metropolitan centers should have oversight teams of at least 10-15 public employees monitoring the contract.

Annual contract performance reviews must be conducted to help local officials and the public evaluate the company's performance and make sure that the contractual obligations are being followed. If the city chooses to hire an outside consultant to perform such a review, it must make sure that the consultant does not have any conflicts of interest.

How to give an effective presentation

You may have an opportunity to address a group regarding water privatization. The key to the success of any speaking engagement is the time you spend preparing for it and your ability to stick to the message once you get there.

BE PREPARED Know your material, know your audience, practice your speech, and stick to the key points.

BE YOURSELF Speak from personal experience. Everyone can relate to and trust personal, anecdotal stories.

SPEAK SLOWLY AND CLEARLY Pause frequently, especially after making your strongest points or saying something complicated.

STAY ON MESSAGE Message discipline is always critical in any campaign. Do not let anyone get you off the subject and avoid going off on tangents.

SHOW YOUR CONCERN Speak convincingly. Your face and body should always say to your audience, "This is an important issue for all consumers, and we really care about it."

HONESTY IS THE BEST POLICY Speak from what you know. If you don't know the answer, SAY SO. The audience will respect this response. Tell your questioner you will get back to him or her ASAP....THEN DO IT. Feel free to call us for answers to questions, we are here to help you.

KEEP IT SIMPLE Use plain English. Jargon and "techno speak" will create a barrier between you and your audience.

USE BODY LANGUAGE AND HUMOR Smile, get involved with the audience. Your face, eyes, hands, arms and body should be used to impart vitality and conviction. Laughter is a universal language; don't be afraid to use a little humor to promote a friendly, confident image.

STAY COOL Some proponents of water privatization may try to disrupt your presentation or make you angry. Stay cool and don't lose your temper. When someone is rude to you and you don't resort to rudeness in response, the rest of the audience will emotionally take your side.

How to submit a letter to the editor

Use the sample letters we have provided or use them as a guide to write your own.

Letters should be 250 words or less.

You will increase your chances of being published if you refer to a recent article published in the paper.

Sign the letter and print your name, address and phone number. Most papers will call you for verification before publishing the letter.

Follow the instructions on the editorial page of your local newspaper when submitting your letter.

When your letter is printed in a newspaper, please send us a copy and include the name of the paper, city and state, as well as the date of publication. Please send it to: The Stop Water Privatization Campaign, c/o Public Citizen, 215 Pennsylvania Avenue SE, Washington, DC 20003.

How to do a media interview

Interviews create how the news will be reported. Your physical cues can be as important as the content of what you say.

Body language:

Remember not to slouch.

Wear your "Sunday Best" for formal interviews, at demonstrations, wear a t-shirt with your logo or a message that you want to convey to the public, if at all possible.

Do wear makeup, even if you don't normally. This will make your eyes and lips more visible.

Smile when appropriate.

Try your best not to blink rapidly. Polls have shown that people don't trust others who blink a lot during an interview.

If your heart is racing before the interview, find a place to be alone and take 10 deep breaths. Breathe in for a count of 10 and breathe out for a count of 10. This will relax your mind, your heart and your muscles.

Verbal Basics:

Never believe that a camera or a microphone is off. Never say anything you don't want recorded.

Nothing is ever "off the record"; even if you stress that what you are saying is "on background".

Always, always have your top three messages in your mind before speaking or answering a question.

Do your best not to "talk bad" about your adversaries. Instead make constructive comments.

Example, don't say "Jane Smith is evil." Say, "Jane Smith has worked for XXX Corporation, which is aggressively marketing water privatization."

Calm always wins the day. Defensive and angry are signs of a person in a weak position. If you are easily excited or angered, take a breath and pause before speaking so that you sound calmer. Don't be surprised if a reporters' demeanor changes dramatically once the camera or tape begins to record.

Support your messages with anecdotes, statistics and sound bites.

Use "off-message" questions to bridge back to your message. Use phrases such as "That's a good question. Before I address it, I'd like to go back my earlier point..." Politicians do this all the time.

Don't hop around in an interview just because the interviewer is jumpy. If they interrupt you or barrage you with rapid-fire questions, remain calm; finish your sentences; wait until the interviewer takes a breath and then pick one question to answer and answer it with your message.

If an interviewer misstates something or has a fact wrong, don't be polite and keep quiet - speak up. If you don't correct the fact, it will be reported incorrectly. Correct the statement and turn it back to your message. For example, "Company X said that their contract will save New Orleans water municipality thousands of dollars. Respond with, "Actually, economic studies of the report showed that public restructuring could have saved the city more funds."

For TV, realize your interview will be substantially edited to fit into a short time frame. And print reporters will be looking for concise quotes that explain the story. Keep your answers to between 10 and 20 seconds. ***Network TV sound-bites are 8 seconds; learn to be concise.***

Don't think that because print reporters have more space they may use longer quotes. Remember, they are taking notes as you speak. Speak slowly, use short sentences, and repeat yourself. It will help ensure the reporter gets your point and gets it written down correctly.

Give it to them in writing. Make a one-page summary sheet of your main points and leave it with print reporters, along with a phone number where they can reach you with follow-up questions. The more the reporter has/sees your message, the less likely she/he is to misquote you.

Use flag words to get the audience's attention:

"If I could only say one thing about this it would be..."

"Finally . . ."

"The most important thing to remember . . ."

Repeat, repeat, repeat.

(Environmental Media Services has a very complete website about dealing with the media. For more information, please see <http://www.green-room.org/interviewing/techniques.html>)

How to contact government officials

Sending letters

When writing to elected officials or government agencies, individual letters are preferable over a generic letter that you merely signed and dated. A government official may take your request more seriously if he or she sees all the time, effort and heart that you put into your own personal letter. This isn't to say that signed and dated generic letters aren't helpful, they definitely are, but if you have the time to write out a unique letter, it is well worth the extra effort.

HERE ARE SOME SPECIFIC TIPS:

If you aren't using one of the enclosed sample letters, state your reason for writing in the first paragraph. Stick with one subject or issue. Support your position in the body of the letter.

Stick to one typewritten page, two pages at most. If writing in longhand, take care to write legibly.

Be factual and support your position with information about how the issue is likely to affect you and others.

State the likely adverse effects of eating irradiated food, and suggest a better approach, like preventing contamination in the first place through better sanitation.

Ask what the recipient's position is on irradiated food. This may open the door to future conversations about the issue.

Ask the recipient to respond in writing to your concerns. Please send us a copy of the response you receive.

Make sure to include your name and contact information.

Calling

Elected and agency officials may not keep track of all the issues people contact them about. But if enough calls about a particular topic come in, they start to notice. When calling government officials:

Prepare your top three talking points and remarks using the enclosed information.

Keep your comments brief and concise.

Insist on giving your name and address and phone number, ask the person to repeat the information to ensure that they wrote it down.

Don't be intimidated—government officials work for you.

Federal government contacts

United States Congress

Letters to your US Senators:

The Honorable (full name)
United States Senate
Washington, DC 20510

Dear Senator (last name):

Letters to your US Representatives:

The Honorable (full name)
United States House of Representatives
Washington, DC 20515

Dear Representative (last name):

For email addresses go to these Websites:
www.house.gov or www.senate.gov

Telephone: Call the Capitol switchboard at (202) 224-3121 and ask for your Senators and/or Representative by name.

Meeting with public officials

Be Prepared

Be open, be honest, and have confidence that your voice is important. Your public official should WANT your opinion and thoughts. After all, she/he has been elected to work for you, the public. Many public officials appreciate information about environmental issues because they don't have time to do research themselves. Leave your public official with ample literature about water privatization to support your argument (see below for some key materials).

Know thy Ally (or enemy)

A meeting with a public official is most productive if you engage her/him in conversation that forces her/him to disclose hers/his point of view. You will need to listen as well as talk during this meeting. Ask her/him what they think of water privatization and also what she/he would do if a private company approached her/his municipality. Ask for clarifications if your public official is ambiguous in any way.

Get Informed. Stay Informed

Before your meeting

Gather friends, supporters and educate them
Invite them to the meeting or to sign a letter of support.
Request information from Public Citizen or use our website
Research the state of your local water utility.

During your meeting

Ask your public official how to stay informed.
Ask for specific steps you can take and what steps your public official will take to keep open lines of communication.
Be clear about when you will contact the office again for further information.

After your meeting

Send your public official a follow-up note / phone call
Educate other interested citizens about your meeting
Alert Public Citizen's Water-for-All Campaign about your actions!

Draft Resolution for Cities Supporting Water as a Public Trust

Water as a Public Trust

Whereas, cities have a responsibility to supply their communities with vital services including water and sewage;

Whereas, access to safe water is a basic human right and is essential to human life;

Whereas, water is a finite natural resource which is growing increasingly scarce, and is crucial to the welfare of all societies as well as integral to the survival of all species and ecosystems;

Whereas, citizens have a right to participate in the decision-making processes that fundamentally affect their lives, such as control of water, and government officials have a duty to protect this right;

Whereas, water is key to sustainable development in its social, economic and environmental dimensions;

Whereas, 460 million people worldwide currently suffer water shortages, and national and global corporations have responded to this crisis with attempts to commodify water and transform water management, treatment and delivery into a profit-generating activity;

Whereas, water privatization has been shown to decrease access to clean and affordable water and discriminate against poor and under-represented communities who cannot pay "market prices" for water;

Whereas, huge inequities exist in access to water between and within countries, and between rural and urban areas;

Be it resolved that the <NAME HERE> City Council

Affirms that every human being has a right to clean, safe and affordable water in quantity and quality sufficient to life and basic economic needs, and pledges to create and uphold policies within <city> as well as support state and national policies that ensure that all individuals have equitable and affordable access to water that meets basic human needs, and that no one is cut off from water supply due to inability to pay;

Affirms that citizens have a right to know about and take part in decisions regarding water services and pledges to maintain a high degree of democracy and transparency in policy-making in order to protect this right;

Affirms that water is a common good that sustains all life, and that it must remain an essential part of the public trust. Water should never be treated as a for-profit commodity and cannot be privately owned;

Affirms that any contract or subcontract granted by the city for \$50,000 or over (relevant amount depending on city) to a private company to provide essential water and sanitation services must be approved by public referendum or public initiative;

Affirms that international trade agreements that underwrite municipal state or federal labor, environmental, health and safety regulations not be binding in the city of <NAME HERE>;

Affirms the necessity of policies that improve the conservation and stewardship of our water resources for all living things present and future.



Public Citizen

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