

WATER DEMOCRACY IN CALIFORNIA

COMMUNITY RIGHTS NOT CORPORATE CONTROL

CALIFORNIA COMMUNITIES JOIN GLOBAL WATER DEMOCRACY MOVEMENT

When developing countries rebelled against costly privatization of their water/sewer systems which didn't deliver the promised services, European water corporations like Suez and Vivendi turned to the U.S. for profits. A change in IRS rules to allow 20-year contracts between municipalities and private corporations allowed them to pursue profits through "public-private partnerships."

To get established, Suez and Vivendi each bought a U.S. water corporation. RWE, the German energy multinational, followed in 2001 buying up American Water Works with subsidiaries in 23 states, including California-American.

These corporations lobbied the U.S. Conference of Mayors saying they would relieve them of all the burdens of running their systems and save them money, too! Instead, cities that had signed "public-private" partnerships suffered just as developing countries had with **rising rates; declining service; serious health and public safety impacts; public jobs cut with loss of the expertise and commitment of longtime employees; benefits and pensions cut; and community income exported to CEOs and shareholders of European corporations.**

Californian communities were no exception to the "perils" of privatization. These brief stories of people asserting their right to local control show years of organizing paid off.

STOCKTON RESIDENTS CONTEST PUBLIC-PRIVATE PARTNERSHIP

Even though Stockton's Municipal Utility District was in good shape and improving, the Mayor and his City Council allies claimed a private corporation would run the utility more efficiently. They pursued a public-private contract for management and operation with British Thames Water and OMI, a U.S.-based multinational. Soon a broad-based coalition was formed of experienced water utility employees and a variety of community groups called Concerned Citizens Coalition of Stockton.

Just before the vote Mayor Podesta exclaimed: "Do I think the people should vote? Absolutely Not!"—as he ordered police to close the doors on the spillover crowd chanting "Let the People Vote!"

By February 2003, the Coalition had gathered enough signatures for a referendum on whether to privatize, but the Mayor decided to head them off and called a City Council vote that approved the 20-year \$600 million contract. Thirteen days later, the citizen referendum against privatization passed by 60%, but too late!

In March 2003, Concerned Citizens filed a court case to overturn the City Council vote and cancel the contract, claiming the city did not do the required California Environmental Quality Act review. The judge agreed. The City appealed. The judge allowed the contract to start while the City's appeal was pending.

Victory came on July 17, 2007 when the City announced privatization was a failure and that they would withdraw their appeal. A settlement agreement with Concerned Citizens gave the City until March 1, 2008 to complete the "public" take-back and pay almost \$2 million in attorney fees. Concerned Citizens now works with the City to restore and rebuild the Utilities, badly neglected over the years of dispute. Visit www.cccos.org

COASTAL COMMUNITIES FIGHT CAL-AM

In 2001, soon after RWE bought American Water Works, Cal-Am communities were hit with exorbitant rate hikes and poor service. Cal-Am had already bought up the smaller local utilities and increased rates priming the pump for revolt.

FELTON – VICTORY AFTER SIX-YEAR STRUGGLE

FELTON was a six-year struggle. Residents had already fought a rate hike when Cal-Am bought the local private water system from Citizens' Utilities and wanted a 75% rate increase over 3 years saying there had been no increase since 1998 and \$1.1 million was needed for upgrades. When the PUC approved a 44% increase, the community said "No" and organized Friends of Locally Owned Water – Felton FLOW.

When RWE bought Cal-Am, the community rebelled. After Santa Cruz County ruled San Lorenzo Water District could include Felton, voters approved an \$11 million bond measure to buy the water system and pay legal fees. RWE priced the waterworks at \$20 million, while Felton offered \$7.7 million. Before Felton could agree on the price or whether to take the utility by eminent domain, RWE decided to sell American Water and its Cal-Am subsidiary because the promise of "Blue Gold" had evaporated. RWE then agreed to sell the waterworks for \$10.5 million.

Since large rate increases were one reason Felton residents mobilized, it's good news the District may operate the system for a great deal less than Cal-Am. Now, the District will review rate increases, not the PUC in faraway San Francisco. Although residents will pay \$563 per year to repay the \$11 million purchase bond—their water is now in public hands. Visit www.feltonflow.org

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SANTA CRUZ-MONTEREY COUNTY COMMUNITIES TAKE ON CAL-AM

In the small rural community of Montara, the CPUC handed residents a victory, when Cal-Am was ordered to sell the utility to Montara as a condition for merging with RWE. In May, 2003, Montara paid \$11 million for the system. Now a local elected board runs the utility and can use cheap municipal financing for improvements.

Scott Boyd, Pres. of the District Board said it was a "painful price, but worth it to win local control of rates and service."

It's a different story for the small Hispanic community of Chualar where the county, without a local vote, sold the town's water system to Cal-Am. Monthly rates shot up, because Cal-Am was assessing Chualar customers the same rates as million-dollar Carmel Valley homeowners. What's more, to encourage conservation, rates were increased at a higher rate when usage went over the amount of water used by a typical family of four disadvantaging Chualar households that are often much larger. Protest at the CPUC led Cal-Am to use the old rates, while developing more "reasonable" higher rates—a partial victory for the community.

Visit <http://mwsd.montara.org> and read "Small Towns Tell a Cautionary Tale about Private Control of Water" www.common-dreams.org/headlines06/0530-07.htm

LARKFIELD-WIKIUP FED UP WITH PRIVATIZATION – GOING PUBLIC

In Sonoma County, Larkfield-Wikiup's 2,400-plus customers fought for nine years to transfer the water/sewer utility from Cal-Am to public ownership. A victory toward that goal came in May 2008 when the PUC denied Cal-Am's request to merge Larkfield-Wikiup with their 55,000 Sacramento customers, arguing this would spread the estimated \$5.5 million cost to upgrade Larkfield's water treatment plant. Now the community wants to pass an estimated \$12 million bond to acquire the water utility and form a Community Services District. Visit www.markwestcsd.org

NO PRIVATIZATION BEHIND CLOSED DOORS – AKRON DEMANDS A VOTE OF THE PEOPLE

In Akron, Ohio, the Mayor wanted to lease the sewer system to fund college scholarships. Residents formed Citizens to Save Our Sewers and Water–SOS and demanded a vote of the people. They successfully pressured the City Council to put an initiative on the November ballot to amend the Charter to say that the sale, lease, or transfer of any public utility shall be done only if approved by Akron voters.

By passing an amendment to the city charter or a citizen ballot initiative, municipalities can prevent end runs around a vote like happened in Stockton. Such action should be taken before privatization comes to our communities. Visit www.akronohio.net