

LEAD ASTRAY

Public-private partnerships are a false solution to our nation's water crisis

Corporate Accountability International's research shows private water corporations have contributed to the lead crisis in the U.S. In addition to failures to detect, curtail, and protect against lead contamination, they are using the Flint crisis to advance their interests rather than meet cities' real water needs.

Lead contamination of drinking water in Flint, Michigan and beyond has demonstrated the urgency of revitalizing our drinking water systems with robust public investments in infrastructure and effective regulation.

Unfortunately, a multi-billion dollar industry is not only undermining the public water systems needed to ensure safe, clean drinking water, but it is also misleadingly positioning itself as the solution to our infrastructure challenges.

The truth is, water privatization, so-called "public-private partnerships" (PPPs), and private industry consulting contracts not only fail to solve the problem; they can also exacerbate our cities' challenges. Examples include failing to identify elevated lead levels and violating EPA regulations to cheapen corrosion controls.

Veolia failed to raise warnings in Flint

In February 2015, Veolia executive David Gadis promised that the corporation would help "ensure water quality for the people of the city of Flint."¹ Veolia had a consulting contract to review Flint's water treatment process and evaluate its compliance with regulations. But Veolia never even

mentioned lead when it discovered the lack of corrosion control in the water system. It also downplayed residents' health concerns,² stating that "some people may be sensitive to any water."³ Veolia then attempted to parlay its two-week consulting contract to secure a multi-year contract managing the city's water utility—a deal that would have given nearly total control of the city's water system to Veolia.⁴

Because of its role in prolonging the time Flint residents were exposed to lead, the corporation is now named in multiple lawsuits filed by Flint residents.⁵

Veolia puts Pittsburgh at risk of elevated lead exposure

In 2012, Pittsburgh entered into a PPP with Veolia in which the top management positions in the Pittsburgh Water and Sewer Authority (PWSA) were delegated to Veolia staff, and Veolia "manage[d] the day-to-day activities" of the PWSA.⁶

In what Pittsburgh Mayor Bill Peduto called a "procedural violation ... by PWSA's former management firm, Veolia,"⁷ decision-makers altered corrosion-control methods, essential for controlling lead contamination, without securing required permission from the Department of Environmental Protection (DEP).⁸



Flint resident Nakiya Wakes learned that the city was advising pregnant women to avoid drinking water shortly after she miscarried her twins. Her son, Jaylon, is testing positive for lead poisoning.

The lead levels in Pittsburgh's tap water were approaching the legal-action level before this change.⁹ The violation may have raised lead and copper levels: The DEP has required testing to determine the extent of any contamination, with results due on July 10, 2016.¹⁰

According to a DEP investigation, the changes in the corrosion-control method were made, in part, to save money.¹¹ The contract gave Veolia 50 percent of all "savings" it realized,¹² which raises grave concerns that Veolia may have exposed Pittsburgh residents to elevated lead levels to increase its own profits.

Turning a crisis into a corporate subsidy

The private water industry has long sought to benefit from the same low-interest public financing municipalities use to finance public water systems. Following the emergence of the Flint crisis, lawmakers in New Jersey—the U.S. home of Suez, another of the world’s largest private water corporations—introduced a federal bill that would remove limits on water corporations’ access to municipal bond money.¹³

This corporate subsidy would promote privatization and cut into tax revenue.

Tellingly, New Jersey senators announced their bill from a Suez facility, next to a Suez executive.¹⁴ The industry group National Association of Water Companies has pushed for similar legislation for years, but it is now claiming the “lessons of Flint” necessitate its passage.¹⁵ Although other such bills have failed in the past four sessions of Congress, the private water industry is clearly taking of the crisis in Flint to try to push through this year’s version.¹⁶



Photo credit: Melissa Mays

People rallied outside the gates of the Flint water treatment plant as private water industry representatives met with city officials inside. These corporations are seeking a contract with the city that could lead to dangerous, corner-cutting recommendations and potentially to the privatization of the water system.

Conclusion

Mayors should be wary of the false solutions presented by the private water industry. Despite the industry’s attempts to position itself as a solution to the growing water infrastructure crisis in the U.S., these corporations inevitably prioritize profit at the expense of public health.

Mayors can pursue public solutions to water-related challenges, including public-public partnerships, green bonds, and other municipal bonds or taxes for needed infrastructure projects. Cities can also institute democratic referendums on any private sector involvement in

water system operations and management.

To bolster the national commitment to water system funding, mayors can join the call to our federal government to reprioritize public funding for this essential infrastructure.



Corporate Accountability stops transnational corporations from devastating democracy, trampling human rights, and destroying our planet.

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