



Legislation Text

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090596
SUBSTITUTE 1

ALD. KOVAC, DUDZIK, WADE AND DAVIS

Substitute resolution expressing support for the City of Milwaukee's continuing ownership and operation of the Water Works.

This resolution expresses support for the City of Milwaukee's continued ownership and operation of the Milwaukee Water Works as a public entity, and the City's intent that this water utility will not be privatized in any manner, nor its operations leased to any private entity either through a concession or management lease.

Whereas, Water is viewed in the world today as a scarce natural resource under increasing pressure for use and consumption prompting thoughtful water policy debate; and

Whereas, Water resources are widely held to be a public trust to be managed by the public sector for the common good of the public at large; and

Whereas, Water resources are protected under the Public Trust Doctrine of the Wisconsin State Constitution which has been broadened by legal action, legislation and administration to include protection of the public's rights to water quality and quantity; and

Whereas, The Milwaukee Water Works provides safe drinking water to over 850,000 residents in the region in full compliance with the Public Service Commission of Wisconsin, the U.S. Environmental Protection Agency and the Wisconsin Department of Natural Resources; and

Whereas, The Milwaukee Water Works goes beyond the letter-of-the-law to protect the public by testing for contaminants, such as pharmaceuticals, not currently regulated; and

Whereas, Average household costs for drinking water provided by the Milwaukee Water Works are currently the 4th lowest among the 50 largest U.S. cities, and are projected to be the 13th lowest among the same cities (assuming these cities do not increase water rates) even if the utility's current rate increase of 28% is granted by the Public Service Commission; and

Whereas, The Milwaukee Water Works has made and continues to make substantial capital investments each year to maintain and update the utility's infrastructure; and

Whereas, An outright sale of the Milwaukee Water Works by the City of Milwaukee to a private entity would likely result in increased water rates to the utility's customers, regardless of the costs of services, based on the Wisconsin Public Service Commission's policy of allowing a 12% rate of return to privately-owned water utilities and limiting publically-owned utilities to a 7.5% rate of return; and

Whereas, Residents of Mequon, Wisconsin experienced water rate increases totaling 35% in the last two years that community's water utility was privately-owned by We Energies, while water rates were reduced 29% a few months after the City of Mequon purchased the utility; and

Whereas, A long-term, concession-type lease of the Milwaukee Water Works, in which the private-entity lessee becomes, in effect, a concessionaire responsible for all revenues and costs of delivering drinking water to the residents of Milwaukee, including capital improvements, would apparently be unprecedented as it appears no drinking water utility, large or small, operates under a concession-type lease; and

Whereas, Operating a large-scale drinking water utility like the Milwaukee Water Works under a management-type lease, in which the City contracts with a private-sector service provider to operate all or most of the services of the utility for a fee, would be unusual as most water utilities operated under such leases are small, serving fewer than 10,000 customers, and lack the resources to manage their utilities independently; and

Whereas, Perhaps the highest profile, large-scale drinking water utility management-type lease agreement in recent years, between the city of Atlanta, Georgia, and United Water Services, Inc., was terminated by the parties after 4 years of what was to be a 20-year lease - amid charges by the City of shoddy management including insufficient maintenance, tardy meter installations and slow bill collections; and

Whereas, Atlanta residents experienced initial water rates increases during United Water's management, water utility staffing was cut from 550 to 348 and residents complained at times of foul-smelling, foul-tasting water the color of tea, and chronic water main leaks; and

Whereas, The City of Milwaukee wishes to protect the public interest in the management of the City's water resources and avoid the potential pitfalls of privatizing or leasing the Milwaukee Water Works; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the City of Milwaukee will continue to own and operate the Milwaukee Water Works as a public entity and will not privatize this water utility in any manner, nor lease this utility's operations to any private entity either through a concession or management lease.

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ANC
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