

# **Editorial on Issues 8 and 9 Submitted to Akron Beacon Journal**

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Akron voters face a fork in the road on November 4th with ballot Issue 8 ill-advised privatization of the city's sewer system. A no vote will protect this important asset. Meanwhile, Issue 9 provides an important opportunity to strengthen oversight of city officials when it comes to protecting public infrastructure. Voting yes on 9 will give citizens a vote on whether their public utilities are privatized in the future.

With Issue 8, a critical component of the Akron public commons – the sewer system – is at stake. Mayor Donald Plusquellic seeks a blank check from Akron voters for a radical plan to lease its well-run sewer system for 99 years. This has never been done in the United States and amounts to making the citizens of Akron guinea pigs. The Mayor claims there are more than 1000 public-private partnerships, but what he fails to say is that most of these are short-term contracts for a specific project, not leases that will last way beyond the lifetime of the citizens voting on Issues 8 and 9 in November.

Akron's mayor wants to rush into an ill-conceived 99-year lease, arrived at with no bidding process and based on a vague charter proposal that states rates will be capped at 3.9%. But the devil is in the details. Plusquellic's rate cap is only for operation and maintenance—not major repairs and improvements. The city would retain responsibility for big projects, including the \$370 million federal mandate to eliminate sewage overflows. The price tag for infrastructure improvements will increase because Akron would have to replace tax-exempt, low-interest public financing with expensive private financing.

Granted, the mayor favors the lease as a way to raise \$250 million for a scholarship fund, a noble and necessary cause. But easier and more direct means of financing it exist, such as those used in Kalamazoo, Michigan; Denver, Colorado; and Peoria Illinois. And, if Akron received that figure up front, which is unprecedented, it will have to use the first \$73 million to pay its outstanding debt and another \$5 million to transfer its sewer workers to other posts.

The evidence from the 86 percent of U.S. water systems under public control clearly shows higher efficiency with lower costs for ratepayers. In contrast, corporations' costs are higher and any efficiency premiums are often passed on to their shareholders. Indeed, the 14 percent of U.S. water utilities that are privately owned charge ratepayers anywhere from 13 percent to 50 percent more than their public counterparts. An economic analysis of Ohio's public and private water utilities shows that the latter charge 20 percent more.

If only the higher bills meant better service. Unfortunately, that's not the case. Communities that have chosen the private path have learned this the hard way, often with tragic results – maintenance and water quality problems in Atlanta, sewage spills in

Milwaukee, corruption in New Orleans, unrealized savings in Laredo, Texas; countless woes in Stockton California and rate hikes and political meddling in Lexington, Kentucky.

The city of Urbana, Illinois has been trying to buy its water system back from the German giant, RWE, after a slew of problems following the company's purchase of American Water in 2002. This includes boil-water notices, malfunctioning fire hydrants and poor customer service.

Fort Wayne, Indiana, was plagued by high water rates and poor service from the local private utility, Aqua America. It needs thousands of dollars in repairs because the company invested little of what it had budgeted for infrastructure. Yet, incredibly, Aqua America had sought to hike rates by 75 percent. Public control would save the average family of four about \$90 a month on their water bills.

Earlier this year, the residents of Felton, California, finally wrested control of their water from the clutches of California American Water. And it's good thing: A 74 percent rate increase was on the way. Likewise, the people of Emmaus, Pennsylvania took a similar road.

The evidence is clear. The best choice for the people of Akron is to vote "no" on Issue 8. This would keep the city on the path of public control over its sewer system.

By voting "no" on Issue 8, the people of Akron would join the ranks of citizens in communities across the country. They know intrinsically that a city can't be innovative if it has poor and expensive sewer or water services.

But Akron residents can go one better with a "yes" vote on Issue 9. This measure is forward-looking because it would amend the city charter to require voter approval for the sale, transfer or lease of any interest in a city-owned utility.

Voters need to ask the mayor, "What's the hurry?" Anything this drastic needs time for discussion, it requires transparency and it should require a vote of confidence from the citizens whose children and grandchildren would have to live with a 99 year lease of an important public service.

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