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April 19, 2021

Dear Mayor Richard David and Members of the Binghamton City Council,

On behalf of Food & Water Watch, the national consumer advocacy organization, which has 608 members in Binghamton, I urge you to reject the proposed contract with the corporation Veolia.

Local residents contacted us to raise concerns about a proposed deal that Binghamton is considering entering with the French multinational corporation Veolia. Because my organization tracks these types of deals from a consumer-interest perspective, I want to share with you some of our research that may be of interest before you vote on this arrangement.

**This auditing contract could give the company a foot in the door on a larger deal.** While we have no details about Veolia's intentions in this instance, a former corporate executive once told *Global Water Intelligence*, a water trade magazine: "Once you've put a team in to run a municipal operation, the trick for the project manager is to expand the scope of the contract."

**Veolia has a bad track record.** Communities across the country from Idaho to Massachusetts have had problems with corporate control of their wastewater operations. Examples include:

- In Burley, Idaho, after cancelling its wastewater contract with Veolia, the city had to make thousands of dollars in repairs to the treatment plant, blaming the company's neglect and poor maintenance.
- In Rockland, Massachusetts, a U.S. District Court found that Veolia's subsidiary Professional Services Group, Inc., "acted unfairly and deceptively" to win its sewer contract in Rockland and required it to pay the town more than \$230,000 in damages because of "willful misconduct." State officials found that the agreement may have been illegally tailored to the company.
- In Plymouth, Massachusetts, Veolia lost its wastewater contract last year. In 2019, the town and company agreed to a [\\$22.8 million settlement over ongoing sewer main breaks and massive sewer spill](#) in 2015. The state attorney general had filed suit against Veolia North America-Northeast LLC accusing the company of "failing to properly maintain and operate the Town of Plymouth's wastewater treatment plant and collection system, resulting in the discharge of over ten million gallons of raw sewage late last year and earlier this year."

For more information about this corporation, look at our corporate profile:

<https://foodandwaterwatch.org/wp-content/uploads/2021/03/Veolia-Water-Profile-FS-Aug-2013.pdf>.

More generally, privatizing wastewater assets can lead to many problems:

**Sewer privatization can lead to degraded services.** There is ample evidence that maintenance backlogs, sewage spills and lamentable customer service often follow privatization. In fact, poor performance is the primary reason that local governments reverse the decision to privatize and resume public operation of previously contracted services. Private operators may attempt to cut corners to cut costs and maximize their profit. They may use inferior construction materials, delay needed maintenance or downsize the workforce, which impairs customer service and slows responses to emergencies. On average, after privatization, private operators cut one in three utility jobs.

**Sewer privatization can result in higher costs for the public.** Corporate profits, dividends and income taxes can add 20 to 30 percent to operation and maintenance costs, and a lack of competition and poor negotiation skills can leave local governments with expensive contracts. Perhaps for those reasons, a review of 18 municipalities that ended their contracts with private companies found that public operation averaged 21 percent cheaper than private operation of water and sewer services.

**Sewer privatization can leave communities without local control of essential services.** Privatization contracts can hinder public input and involvement and restrict transparency. What's more, while local governments are accountable to their local residents, private water companies are primarily accountable to their investors. With privatization, the public loses ballot box accountability over the officials making decisions that can affect the cost and quality of their water service.

Responsible public operation of water and sewer systems is the best way to help protect our environment and ensure that every resident has access to safe and affordable service.

We urge you to reject the contract with Veolia and commit to full public provision of water and wastewater operations.

Thank you for your time and consideration of this important issue.

Sincerely,

Eric Weltman  
Senior Organizer  
Food & Water Watch