

*Water Management Decisions: Public or Private? A Case Study in Thousand Oaks*

**A Group Project Proposal to the Donald Bren School  
Of Environmental Science and Management,  
University of California, Santa Barbara**

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**Introduction/ Background:**

In the past several decades, there has been a move in the water industry in the United States and abroad to move water services into the private sector. Factors such as aging infrastructure, increasing regulatory pressure, financial crises in states and municipalities, and increasing demands by consumers for clean, safe, and reliable water service have motivated this shift towards privately run water systems. Many cities across the nation face tough financial choices when considering how to improve their water infrastructure and provide the best possible water service to their residents.

The notion of private firms having control of public water systems has generated tremendous controversy. Recent projects in cities such as Atlanta Georgia and Stockton California have brought the issue of privatization of water services to the forefront. In addition, corporate consolidation in the water industry has meant that foreign multi-national corporations now own some private water utilities in the US. These issues have coalesced in the situation that exists in the City of Thousand Oaks, California.

In California every major water supply is already over-allocated. Surface water and groundwater contamination issues further jeopardize the State's precious water resources. The trend towards the privatization of water services has raised significant questions relating to the future use and control of water resources. Research is needed on specific case studies of privatization efforts in California, to understand the pros and cons of privately run water service for the consumer.

In Thousand Oaks California, a unique situation exists that will serve as a case study to examine private vs. public water systems. Within the city limits of Thousand Oaks, there are three water utilities. One is the city's own water department. The other two are privately run water service companies. This project will examine the differences between these utilities, and what the benefits and

detriments are for consumers who live within the service area of each of the three utilities.

### **Objectives**

The project will use the City of Thousand Oaks as a case study and provide the city with decision-making support to determine a) under which system the local residents benefit the most, and b) whether a change in the ownership and management structure of the water system in Thousand Oaks is needed. Questions that may be addressed by this project include: What are the differences water rates between the public and private utilities? What are the differences in service levels between the public and private utilities? What are the differences in investment in infrastructure and maintenance between a public and private system? Does one system promote water use efficiency more than another? The objective of this project is to help the city with their decision whether or not to pursue a buy-out of the private utilities.

Surveys of water utilities across the country may be used during the project to address and gather data on specific operational issues such as: are there differences in security levels of water supplies between public and private systems? What are the difference in each utility's ability to deal with emergency situations such as leaks and drought? The survey may also be used to gather data from cities regarding their general experiences with the privatization of water services. This data may help the group better understand what determines the success or failure of privatization efforts and whether or not there are clear trends. This information could not only help make a better recommendation to the City of Thousand Oaks, but could also be useful for other cities in the future.

### **Significance**

The project will assist the city of Thousand Oaks in evaluating the ownership and management structure of their water utility. In addition, this project will aid cities across the country that are facing tough choices, similar to those faced in Thousand Oaks regarding water service privatization. The report produced by this project will aid city managers in understanding the specifics of how water consumers are affected under public vs. private water utilities.

### **Stakeholders**

The stakeholders for this project are the city government and residents of Thousand Oaks, water consumers across the country, and the broader water policy community.

## Data

The project will use data available from the City of Thousand Oaks, the California Public Utilities Commission, and from surveys conducted on a significant sampling of cities across the US that have experience with water privatization efforts. Additionally, we will seek data on water supply from various sources such as the State Water Project, the Calleguas Municipal Water District, and the Metropolitan Water District.

## Deliverables

This project will produce a report provided for the City Of Thousand Oaks that summarizes our evaluation of the differences between the three water utilities and whether or not any change in ownership and management would be prudent. An appendix to this report will summarize findings of surveys and provide general guidelines for cities facing similar water policy choices to Thousand Oaks.

## Names and Contact Info of Client:

The City of Thousand Oaks, CA  
Deputy City Manager Scott Mitnick  
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## Support

The City of Thousand Oaks has pledged to contribute a total of \$17,000 to this project. This money will be used to support research efforts including travel expenses and data collection, as well as support for two students involved in the project to have internships over the summer.

## References

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