



# Media Release

For Immediate Release: October 27, 2003

Contact: Nicholas L. Cain, 510-251-1600 or [ncain@pacinst.org](mailto:ncain@pacinst.org)

## **Stockton Water Privatization Ruling a ‘Victory’ for Democracy Judge’s Ruling to Require Environmental Review Protects Public Interest Ruling May Have National Impact on Water Privatization Debate**

OAKLAND, CALIF – You can’t rebuild a major wastewater-treatment plant, use new technology, and change plant operators without proper review. That was the common sense message that Superior Court Judge Bob McNatt sent with his recent ruling that Stockton, California’s in-progress water privatization deal was void. The Pacific Institute praised the judge’s decision today while noting that this case could redound across the nation as a cautionary note to municipalities and corporations involved in water privatization.

“Judge McNatt’s decision is a victory for democracy,” said Dr. Gary H. Wolff, the Pacific Institute’s Principal Economist and Engineer. “You can’t rebuild an important civic facility, like a wastewater treatment plant, use new technology, and change who is running the plant without proper environmental review. That’s the law, Stockton ignored it; now they are paying the price.”

A grassroots coalition of local groups – including the Concerned Citizens Coalition of Stockton, the League of Women Voters of San Joaquin County, and the Sierra Club – brought the lawsuit only after the Stockton City Council tried to deliberately circumvent a public vote by rushing to approve the contract two weeks before a ballot measure passed requiring all privatization deals to be voted on by the public. Dr. Wolff, in a letter presented to Stockton’s mayor and city council in October of 2002, noted that the unprecedented speed of the decision process and lack of California Environmental Quality Act (CEQA) review would expose Stockton and its citizens to costly and time-consuming litigation – which is exactly what has happened.

“The problems Stockton is now facing – including a lawsuit against a half-completed project – are perfect examples of the risks of rushing into a major water privatization project without public support or proper environmental and economic review,” Wolff continued. “The Pacific Institute has studied the issue of water privatization and concluded that in some cases it can be beneficial, although there are pitfalls. Based on experiences from around the world, we’ve crafted a detailed set of principles to ensure that any deals are fair, democratic, and protect people and the environment. Unfortunately, in Stockton’s case, several key principles were ignored.”

The New Economy of Water: The Risks and Benefits of Globalization and Privatization of Freshwater is one of the most comprehensive studies of water privatization. The report and the principles, which have been republished in The Economist Magazine and other outlets, are online at [http://www.pacinst.org/reports/new\\_economy.htm](http://www.pacinst.org/reports/new_economy.htm)

“The good news is that Judge MacNatt’s ruling should serve as a wake-up call to cities, towns, and corporations involved in water privatization,” said Wolff. “Don’t sign a contract until you’ve involved customers and citizens in an honest, rigorous, transparent review of the economic, environmental, and social risks associated with water privatization.”

###

Dr. Wolff’s letter to the City Council and economic review online at: <http://www.pacinst.org/stockton>