

# ANOTHER PUBLIC-PRIVATE PARTNERSHIP DISASTER

## California: Stockton Municipal Water Utilities

The City of Stockton's Municipal Water Utilities is another 3P disaster from around the world – a disaster much like the failures (SR 91 and SR 125) that have cost California taxpayers hundreds of millions more than they should have. Because they are so profitable, it is not a surprise that multi-national companies and Wall Street investment houses want to bring more such 3Ps to the “lucrative” California market.

### ***What the experts say:***

The City of Stockton spent nearly \$3 million to fight its own citizens to reverse the privatization of its municipal water utilities. OMI/Thames, the private operator increased the rates higher than promised, increased sewer overflows and abandoned services and maintenance.<sup>1</sup> San Joaquin County Judge Bob McNatt determined that the City of Stockton had violated the California Environmental Quality Act (CEQA) by not conducting an environmental review of the risks of privatization that “will have significant environmental impacts.” Judge McNatt wrote: “Often private industry looks only as far as the next profit and loss report in planning.”<sup>2</sup> After the ruling, Sylvia Kothe, chair of the Concerned Citizens Coalition of Stockton said, “Now the court has taken a clear stand in favor of democracy, against the city of Stockton's unethical attempt to cut the public out of the process of governing our water. We hope cities around the country, and the world, will take note and think twice about risky privatization deals.”<sup>3</sup>



### The Public Interest Alternative

- Require competitive bidding.
- Require public oversight, design and inspection to ensure public safety and cost controls.
- Utilize tax exempt public financing which is as much as 35 percent lower than private borrowing.
- Tolls should be reinvested in our transportation and other public infrastructure.
- Prohibit non-compete clauses and cash payments that prevent improvements to competing public roads, increasing congestion.

1 Concerned Citizens Coalition of Stockton, “Annual Service Contract Review,” December 7, 2004

2 *Global Water Intelligence*, “Court Blocks Stockton Deal,” Nov. 11, 2003

3 Concerned Citizens Coalition of Stockton, “Citizens Triumph Over Corporate Control of Water in Stockton; Judge Rescinds Largest Water Privatization Contract on West Coast,” December 5, 2003