Government or Private Sector: What Works Best?

by Nora Leech, Program Chair

Recent news stories announce that thirty-nine King County parks may be shut down unless private sector picks up the tab. In some places highway rest areas are being commercialized and liquor stores privatized to generate revenue for the state. Washington State is proposing cuts in education, health care for the poor, infrastructure and more, threatening the long-term health, safety and prosperity of our communities.

With the current economic crisis, the push to privatize government services, assets and functions is intense. Advocates of privatization promise increased efficiency and lower costs for services; opponents fear that the profit motive may lead to higher costs and reduced or unnecessary services.

Who should run our schools, our prisons, our parks, and our highways? And who should pay?

Privatization is the political movement to shift services, functions and assets from government to the private sector. This topic is a part of an age-old debate between competing philosophies regarding the role of government. The key issues generally revolve around taxation, regulations, and the health and well-being of the citizens within a government’s jurisdiction. The pendulum swings from laissez-faire free market philosophies advocating little to no government control to progressive philosophies advocating strong government involvement in protecting citizens from the excesses of market forces. Attempts to analyze what degree of privatization is appropriate must take issues such as public health, balances between cost of living and wages, safe neighborhoods, good government, civil liberties, safety nets for the poor and protections for the environment into consideration. Unless these needs are factored in, we risk damaging the core of our civil society.

Our September forum addresses the topic of privatization. Our speakers will present their views on the benefits and dangers of privatization, as well as a local perspective on its realities. They will provide updates on how recent efforts at privatization are faring in their efforts to shift government services to the private sector.

REMINDER
The forum is Thursday, September 10, a week later than usual.

SAVE THE DATE
The Political Party and Auction will be held Sunday, October 25. Come have fun!
Contents
President's Message .................................................. 3
Calendar........................................................................ 4
Committees...................................................................... 5
Announcements/League News
  Help Wanted............................................................ 6
  Immigration Discussion Series Planned................. 6
  Come Hear About Health Care in Africa............... 7
  Ballot Issues Speaker Training............................. 7
  Horizon House Forums.......................................... 7
  Ask Auction Annie!.................................................. 8
  LWVS Ed Fund - A Current Overview..................... 9
  National Task Force on Arms Control.................... 9
  Breaking Auction News!.......................................... 9
Membership
  Membership Report................................................ 10
  Glossary of League Lingo.................................... 11
Features
  Book Reviews........................................................ 12
  The Consensus Taking Process.............................. 13
Program: Privatization.............................................. 14
Unit Leaders........................................................... 46
Board and Committee Contacts............................. 47

Contact Information
President: Allison Feher
Voter Editor: Beatrice Crane

League of Women Voters of Seattle
1620 18th Avenue, Suite 101
Seattle, WA 98122
Phone: (206) 329-4848
Fax: (206) 329-1273
info@seattlelwv.org
www.seattlelwv.org

Office Hours:
9:00 a.m. – 5:00 p.m.

League of Women Voters of Washington
4730 University Way NE # 720
Seattle, WA 98105
(206) 622-8961
lwvwa@lwvwa.org
www.lwvwa.org

League of Women Voters of the United States
(202) 429-1965
lwv@lwv.org
www.lwv.org

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President’s Message

The summer has been a busy one, with a lot of voter registration activities and candidate forums, and the fall promises to be even busier. I want to thank all the volunteers who’ve braved the sun and heat to staff tables at farmers’ markets, community fairs and other activities. These tables are not just a chance to register voters or update existing registrations, they are also a wonderful opportunity to showcase the role of the League in our community. Volunteers hand out copies of past studies, ballot issue summaries and information on upcoming forums, as well as numerous copies of *They Represent You* (TRY). These are often fun events to attend for ourselves, so I encourage all of you to sign up. If you’re nervous about doing one, we can pair you with an experienced volunteer and you’ll learn a lot!

I also want to thank the many members who have been helping organize, cosponsor and moderate many of the candidate forums taking place this year. With so many offices, and the large number of candidates for some of them, the requests for our assistance have been numerous. As that slows down after the primary, requests for speakers to talk about the ballot measures go up. Volunteers go out to community groups and share the information we’ve gathered while doing our written ballot issue analyses, presenting an objective and nonpartisan perspective. We will be training volunteers this month; check inside for more details on when. This is a great way to educate yourself about the issues and get out and meet new people in your community.

In addition to our voter service activities, fall is also a busy time for fundraising with our main event for the year: the Political Party and Auction on October 25. This will be our 33rd year hosting this event, and we’ll need your help to make it a success. We will be reaching out to you both as individuals and as units to help with preparation and planning. You could donate an item, be a sponsor, come to one of the many work parties, or help out the day of the event. Whichever you choose, there’s always a lot of fun and laughter involved.

Sincerely,

[Signature]

Mission Statement
The League of Women Voters of Seattle, a nonpartisan political organization, encourages informed and active participation in government, works to increase understanding of major public policy issues and influences public policy through education and advocacy.
### September

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<td>Ballot Issues Speakers Training 1:00 p.m.</td>
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### October

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- **Capitol Hill/Montlake Fundraiser**: Wednesday, September 2, 5:00 p.m., 909 E Newton #9
- **October Voter Deadline**: Tuesday, September 8
- **Social Justice Committee**: Tuesday, September 8, 5:30-7:00 p.m., League Office
- **LWVS Forum: Privatization**: Thursday, September 10, 7:30 p.m., Seattle First Baptist Church
- **Ballot Issues Speakers Training**: Sunday, September 13, 1:00 p.m., League Office
- **International Relations Committee**: Monday, September 14, 12:45-2:45 p.m., League Office
- **Seattle City Council Candidates Forum**: Monday, September 14, 7:30 p.m., Horizon House
- **Immigration Discussion**: Monday, September 21, 7:00 p.m., League Office
- **Transportation Committee**: Tuesday, September 15, 10:00 a.m.-12:00 p.m., League Office
- **Immigration Discussion**: Monday, September 21, 7:00 p.m., League Office
- **Ballot Issues Speakers’ Training**: Sunday, September 27, 1:00 p.m., League Office
- **Immigration Discussion**: Monday, September 28, 7:00 p.m., League Office
- **33rd Political Party and Auction**: 25-31
League Forums

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<td>March 4</td>
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The League of Women Voters of Seattle (LWVS) presents a public forum each month between September and May, generally on the first Thursday of the month at 7:30 p.m. With the exception of the March forum, which takes place at St. Andrews Church in Bellevue, the forums are held at Seattle First Baptist Church. The tentative schedule of upcoming forums for 2009–2010 appears below; check your Voter or the LWVS website, seattlelwv.org, each month for up-to-date information.

Note that the September forum is a week later than usual due to the Labor Day weekend.

Committees

**SOCIAL JUSTICE COMMITTEE: SPECIAL GUEST BILL BLOCK**
**DATE:** Tuesday, September 8  
**TIME:** 5:30–7:00 p.m.  
**PLACE:** League Office

Please join the Social Justice Committee to hear our guest speaker, Bill Block, who will provide an update on efforts to end homelessness in King County and the impact of current budget cuts. Mr. Block is the director of the Committee to End Homelessness in King County.

**INTERNATIONAL RELATIONS COMMITTEE**
**DATE:** Monday, September 14  
**TIME:** 12:45–2:45 p.m.  
**PLACE:** League Office

We will be meeting on the 2nd Monday this month, due to Labor Day. Anyone interested in participating is welcome – we will be brainstorming about our work for the upcoming year. You are all invited to bring one article on an IR topic which has recently caught your attention. For more information, email Ellen Berg or Peggy Saari: ellenzberg@msn.com, peggysaari@comcast.net.

**TRANSPORTATION COMMITTEE**
**DATES:** Thursday, September 15  
**TIME:** 10:00 a.m.-12:00 p.m.  
**PLACE:** League Office

Committee Chair: Janet Winans, (206) 329-4848. The Transportation Committee held its annual retreat August 18. Plans for the year will be directed at providing Voter readers with a monthly summary of the information and perspective provided to the committee by our invited speakers. We intend that the reports will provide an ongoing understanding of transportation issues that demand public comment, League recommendations and voter approval. We welcome anyone who is interested in transportation issues to attend our meetings, which take place the third Tuesday of each month, 10:00 a.m.-12:00 p.m., at the League office.

**CIVICS EDUCATION COMMITTEE**

The Civics Education Committee will meet during the third week of September. Please contact Dana Twight, the chair, for the exact date and location: dtwight@seattletimes.com or (206) 329-4848.

**IMMIGRATION COMMITTEE**

See page 6.
Help Wanted

Voter Registration

Please join the fun and come out to register voters and promote the League of Women Voters. Upcoming opportunities:

- Bumbershoot: September 5–7
- Area Farmers Markets: various dates

If you are interested, please email or call Lindsay at the League office: lindsay@seattlelwv.org or (206) 329-4848.

Technical Support

We are looking for computer expertise. Are you willing to share yours? Tell us what your skills are—we will find a job for you.

New Members Dinner

We will be hosting a dinner for new and potential members before the October Ballot Issues Forum on October 1. We are looking for volunteers to provide food, help with setup and cleanup, and serve as table hosts. For more information, see page 10.

Auction Volunteers

It’s time to gear up to help with the League’s 33rd Annual Auction and Political Party, scheduled for October 25 this year. We depend on members to donate items for the auction as well as to work at the event. For more information on how you can help, call Lindsay at the League office, (206) 329-4848.

Task Force on Residential Building Standards

A task force is forming based on a resolution adopted at our state convention in May. Members were concerned about a lack of remedies when homes become uninhabitable and unsalvageable due to toxic mold and other defects. Builders and developers are often unaccountable. This statewide task force will first review the current laws and codes, then make recommendations for further League study and/or action. If you are interested please contact Jayne Freitag-Koontz at jfkoontz@comcast.net.

Immigration Discussion Series Planned

Dates: Monday, September 14, 21, and 28 and October 12 & 19

Time: 7:00 – 9:00 p.m.

Place: League office

The League of Women Voters of Seattle Immigration Committee will host a free 5-week discussion series on immigration, using the Everyday Democracy guide, “Changing Faces, Changing Communities.” The discussion group will be limited to 12 people, who must commit to attend the entire 5-week series. The group will meet on the Monday evenings listed above (note that there is no discussion October 5). The facilitator will be Barbara Yasui, a League member and Senior Associate with Everyday Democracy. For more information on Everyday Democracy, go to their website: www.everyday-democracy.org. For more information on the discussion groups, contact Barbara at (206) 329-4848 or daruma52@msn.com.

Although the topic for this series is immigration, the principles used for constructive dialogue are applicable to any other issue of community interest. We urge League members to take advantage of this opportunity as a way of developing skills that will be useful in any of our conversations on important League issues.
HORIZON HOUSE FORUMS

The First Hill unit of the League of Women Voters of Seattle will cosponsor the following forums with the Horizon House Residents’ Council.

Dates: Monday, September 14 — Seattle City Council Candidate Forum
      Monday, October 5 — Ballot Issues Forum
Time:  7:30 p.m.
Place: Performance Hall, Horizon House, 900 University St, Seattle
League News

**Ask Auction Annie!**

Dear Annie,
I’d like to make a donation to the auction but I don’t know what you need. What types of things sell well?
Unsure Ursula

Dear Unsure,
Think of this as a treasure hunt! Who do you know who has something to offer? Does a family member own a business or do something special? Feel free to ask him or her for a donation. What businesses do you go to a lot? Your hardware store or your favorite restaurant will probably be willing to contribute a $40 item or a $50 gift certificate if you just ask. Do you like to work in the yard? You could offer three hours of weeding. Maybe you know someone at a resort who can put together a free weekend there. You and your friends could make up a package for a mom that would include a manicure, haircut, dinner, housecleaning and babysitting. Feel free to ask people who have solicited you to support their causes to help you with yours. All you need to get started is your imagination! Act on your ideas and fill out a procurement form, available at the office, for each donation and return the form to the office by the September 24 deadline. You’re on your way!
Annie

Dear Auction Annie,
I have a few vases I could donate to the auction. Two of them are a little scratched, but you wouldn’t see that unless you looked carefully. Can you use these items?
Hand-me-down Henrietta

Dear Hand-me-down,
Though it’s good of you to want to offer something for reuse, we really need things that are sparkling fresh and that have a better value than a garage sale item. Save the vases for your nieces who are moving into apartments, and ask a merchant for an upgrade. Thanks for thinking of us!
Annie

Dear Annie,
I’ve got tickets to visit my mom in Cleveland the weekend of the auction. I’d still like to make a contribution in addition to donating a few items. Do I just send a check?
Conscientious Charlene

Dear Conscientious,
I’m so sorry you won’t be at the auction – you’ll miss a good time! However, I applaud your decision to visit your mom. You can help in absentia by making a financial contribution to the League. Keep an eye out for your auction invitation to get further details on sponsorships and contributions. Thanks for doing your part!
Annie

Dear Annie,
I had such a good time at the auction last year that I want to include others. Can I get invitations for them?
Fun-loving Frieda

Dear Fun-loving,
You bet! We have extra invitations ready for you to use. Give us a call so that we can work out a way to get them to you. The auction becomes even more fun when your friends attend.
Annie

Please call our office at (206) 329-4848 with any questions. We appreciate your support!
LWVS Ed Fund – A Current Overview

by Denise Smith and Laura Weese, Ed Fund Co-Presidents

The newly elected 2009-2010 League of Women Voters of Seattle Education Fund (Ed Fund) Board met in July to review the previous year’s activities and establish a plan for fundraising, educational events and production of They Represent You (the TRY). Ed Fund Board members in attendance were co-presidents Laura Weese and Denise Smith, treasurer Lucy Gaskill-Gaddis, secretary Kris Bushley, director Dorothy Young Sale; and League of Women Voters of Seattle (LWVS) President Allison Feher.

The Education Fund is the tax-exempt 501 (c) (3) organization established in 1983 by LWVS to support the voter service and education activities of LWVS, including the production of the annual February update of the TRY, its directory of elected officials, which is distributed free throughout the county. The organization is sound, although donations were down a bit last year. The board is optimistic that a more visible and timely fundraising campaign will encourage our members and longtime friends and donors to support the important voter service and education work of the League through a tax-deductible donation to the LWVS Education Fund.

National Task Force on Arms Control

by Ellen Z. Berg

At the suggestion of the International Relations Committee of the League of Women Voters of Washington, the League of Women Voters of the United States (LWVUS) has formed a national taskforce to review the existing Arms Control position – assessing its relevancy to our post-Cold War, post-9/11 world, and suggesting revisions as needed.

The taskforce has nine members who are notably diverse: they are from large, medium, and small Leagues spread across the country, they have expertise relevant to different aspects of the issue, and three are men. Additionally, three National Board members participate, as chair and advisors.

I am a member of the taskforce, and will report to you on our progress from time to time. We have begun to “meet” via conference calls and email over the summer; I am pleased to report that we can now recognize one another’s voices on the phone, and have begun to parcel out some writing assignments. We will be posting some background material on aspects of the arms control issue on the LWVUS website during the autumn – I hope you will look at it when it is announced.

And I hope you will share with me any thoughts you have about the issue and our work: ellenzberg@msn.com.

Breaking Auction News!

State legislator Sharon Tomiko Santos, who represents the 37th District, has accepted the role of honorary speaker at our 33rd Political Party and Auction! Having been elected to the House of Representatives in 1998, she brings her knowledge and passion for education, community economic development, healthcare and affordable housing to our audience.

Working with us this year is auctioneer Graham Crow of Benefit Auction Associates. With eighteen years of auctioneering under his belt, he is known for bringing out the fun in fundraising.

We thank the twelve wonderful volunteers who got the member auction mailing out in record time.
Membership Report by Kelly Powers, Membership Chair

Get to Know League Dinner – Help Wanted

If you are new to the League or haven’t yet figured out how to participate, please be our guest at a Get to Know League dinner, Thursday, October 1, at 5:30. The dinner will be held prior to the ballot issues forum at Seattle First Baptist Church, 111 Harvard Ave, Seattle.

If you would like to contribute your favorite lasagna or share your League story, your participation is most welcome. The Get to Know League dinner is the first contact for many new and prospective members. There will be several short presentations explaining how the League works, what we have planned for the coming year and how to get involved.

If you can help with set up, act as a table captain, bring flowers, be a greeter, bake cookies or pitch in wherever you are needed, please contact Kelly Powers at membership@seattlelwv.org or call the CIS desk at (206) 329-4848 and leave a message for Kelly.

Invite a friend – it’s a friendly way to learn about the League!

Getting Involved in the League -- How do I find a Unit?

Attending a unit meeting (League-speak for a small group discussion) is a great way to build on the knowledge that you gain at the monthly forums. Or, if you weren’t able to attend one of the forums, you can learn about the topic from members who did—the discussion leader or resource people who are especially prepared to add additional information. For example, a few years ago, we were meeting to discuss air quality issues. Hybrid cars were gaining popularity and a unit member gave us rides in her brand new hybrid Prius. What a timely extension to our air quality discussion!

The unit meeting is the opportunity for League members to reach consensus on the questions presented in the Voter for that month’s forum topic. It’s a great way to get to know some of your fellow League members better, as there is also time for socializing and catching up on League news in general.

The upcoming forums for September and October address local aspects of privatization and ballot issues, respectively. The unit meetings are usually held within a week following the monthly forum. Check the listing in the back of this Voter for locations and times of meetings. There are 17 units throughout the greater Seattle area. Some meet during the day, others in the evening and there’s at least one unit that meets on the weekend.

By the way, you don’t have to live in a particular neighborhood to attend a meeting there. Each unit has its own flavor, so it’s a matter of finding the one that is a great fit for you and works with your schedule. For example, some pride themselves on being efficient; others prefer a relaxing discussion with a glass of wine in hand. Just let the unit leader know you’re coming and drop in.

Membership and Outreach Committee Forming in October

Leveraging the Board’s fantastic work on the Strategic Plan last year, the Membership and Outreach chairs, Kelly Powers and Maria Brusher, respectively, are teaming to move forward on the goals in these two areas. Our first meeting will be in October, and we will alternate the focus between Outreach and Membership each month. For example, we will be working on launching a “3 for the League” initiative to activate our existing membership. The committee meetings will be a combination of training, planning, prioritizing and follow-up. Please send ideas and questions to Kelly Powers and Maria Brusher.
**Glossary of “League Lingo”**

There are certain terms that are unique to the League of Women Voters- “League Lingo.” Some are listed here to help new members.

**ACTION:** Promoting the League's positions on local, state and national public policy issues to government officials, the media and the public.

**ACTION ALERT:** Request from the LWVUS or state League to take action in support of a League position.

**ANNUAL MEETING:** Local year-end business meeting to elect officers and directors, vote on bylaw changes and adopt a budget and program of work for the next year.

**ASSOCIATE MEMBER:** A non-voting member of the League, such as a person under 18 years of age or a non-citizen.

**CONSENSUS:** Collective opinion of a substantial number of League members, representative of the membership as a whole, after objective study of an issue.

**CONCURRENCE:** Agreement by League members with a position on an issue reached by a small group of members or by another League.

**CONVENTION:** A state or national League meeting held every other year at which delegates elect officers and directors for the biennium, adopt program, make bylaw changes and adopt a budget, usually for one year. Local Leagues send delegates to state convention, local and state Leagues send delegates to national convention.

**COUNCIL:** An assembly of delegates held in alternate years to adopt a budget and assess program developments. Local Leagues send delegates to state council, state Leagues send delegates to national council.

**DPM:** Acronym for Duplicate Presidents Mailing, a subscription available to any member, containing the material sent in regular national or state League mailings to local League presidents.

**EDUCATION FUND:** The tax-deductible arm of national, state and large local Leagues, handling funds to be used only for educational purposes, not for action on issues.

**HONORARY LIFE MEMBER:** A person who has been a member for 50 years or more. Life members are excused from dues payment and their Leagues pay no per member payment (PMP) for them.

**ILO:** Acronym for an Inter-League Organization, formed by local Leagues within a county, metropolitan area or region to act on issues that are beyond the local League area in scope.

**MAL:** Acronym for Member-At-Large, a member who resides outside the area of, and is not enrolled in, a local League.

**MAL UNIT:** A state-recognized group of Members-At-Large, in an area where there is no local League.

**PMP:** Acronym for Per Member Payment, the amount of money paid to the LWVUS and the state League on behalf of each member.

**POSITION:** A statement of the League's point of view on an issue, arrived at through member study and agreement (consensus or concurrence), approved by the appropriate board and used as a basis for League action.

**PRINCIPLES:** Governmental standards and policies supported by the League as a whole. They constitute the authorization for adoption of program at all levels.

**PROGRAM:** Selected governmental issues chosen by members at the local, state and national levels for study and action.

**PROGRAMS:** Plans for speakers, discussion or other activities for League meetings.

**UNIT:** Groupings of members within large local Leagues to provide more opportunity for discussion. Units may be time-oriented (day, evening, lunch hour), geographically oriented, or both.

**VOTERS GUIDE:** Nonpartisan publication giving candidates' qualifications and positions on selected issues.

**VOTER SERVICE:** Year-round activity to help citizens be politically effective and to encourage their participation in the political process. Registering voters and presenting factual, nonpartisan information on candidates and election issues are basic voters service activities.

**VOTING MEMBERS:** All League members who are U.S. citizens and at least 18 years old.
REVIEWS OF TWO BOOKS ADDRESSING PRIVATIZATION by Vicky Downs

**Big Boy Rules: America’s Mercenaries Fighting in Iraq**  By Steve Fainaru

Secretary of Defense Donald Rumsfeld wanted a lean, mean professional army to shock and awe Iraq, but he needed literally hundreds of thousands of others to protect everything from the “US ambassador and American generals to shipments of Frappuccinos bound for Baghdad’s Green Zone.” This supplemental army is made up of private companies such as the Crescent Security Group and Blackwater International, and there are virtually no laws that govern or protect them: only “big boy rules.”

Written by a Pulitzer Prize winning journalist, this book shows us there is essentially no oversight of the mercenaries, or “mercs” as they are called. They are former military, adventurers, former felons and people desperate to work for good money, often with no questions asked. Since for them there are no rules of engagement, all sorts of terrible events take place. Unlike regular troops, when mercs are accused of murder or worse, they are “untouchable.” “None of the prevailing laws — Iraqi laws, US laws, the Uniformed Code of Military Justice, Islamic law, the Geneva Conventions — applied to them.” Because they take on work the US military “can’t or won’t do,” they are essential to the US effort in Iraq.

Fainaru has written a very readable book. He follows a few of the mercs working for the Crescent Security Group—men like Jon Coté, Paul Reuben and John Young. As I came to know these people, I found it impossible not to care about them. I grieved to see how quickly they were caught in a world in which they were paid to protect people and goods, but where there was no one and no law to protect them.

This is a book about a dark side of the Iraq war, where money all too often replaces laws and good sense. There is much information about America’s private army provided in this well written book, but I found especially chilling the references to Blackwater/USA Worldwide.

**Prison Profiteers: Who Makes Money From Mass Incarcerations?**

Edited by Tara Herivel & Paul Wright

Published in 2007, this is a collection of chapter-length articles focusing on who stands to benefit from incarcerating vast numbers of people, many of whom are non-violent. Since one of every thirty-one adults is “in prison, in jail, or on supervised release,” there are huge numbers of people needed to control this population.

“Banking on the Prison Boom,” by Judith Greene, provides an overview of the current state of the private prison industry. This group’s aim is “to foster expansions of the prison population and keep beds filled.” A 2005 report for the Corrections Corporations of America states, “any changes with respect to drugs and controlled substances or illegal immigration could affect the numbers arrested, convicted and sentenced, thereby potentially reducing demand for correctional facilities to house them.” Here is the organization that lobbies to get tough on crime and illegal immigrants.

“Million Dollar Blocks,” by Jennifer Gonnerman, provides a more positive article. She focuses on a mapping technique by Eric Cadora, who shows that a high percentage of crime takes place in a few apartment blocks in New York City, while a high percentage of money for incarceration winds up in rural parts of the state where the state prisons are. She documents how Connecticut used Cadora’s maps to reinvest in the neighborhoods that are home to the bulk of its prisoners. This helps to reduce the number of crimes and inmates.

Other articles in this collection deal with such topics as the rising number of children in private juvenile facilities, the deals between the correctional industry and providers of guns and restraining devices, how private prisons find ways to get public money to fatten their own pockets, who benefits from prison labor, and much more.

This is a book in which writers follow the money, showing private parties profiting at the expense of “tax payers, community health and … the 2.3 million inmates nationwide.” Though it is well documented and enormously interesting, I wished for a good index.

*The opinions in these reviews are personal and do not represent those of the LWV.*
The Consensus Taking Process

The local, state and national levels of League are often consulted for their nonpartisan positions on various issues. The League is a grassroots organization and we come to our positions through a deliberative process arriving at final decisions with consensus. The following tips on taking consensus are adapted from the League of Women Voters of the United States website, lwv.org.

Tips for Taking Consensus
Consensus is the process the League uses to reach member agreement on study issues. It is neither a simple majority nor unanimity; instead, it is an overall sense of the group. In other words, consensus results from answers to questions on which members can find common ground and agreement. Group discussion that allows an exchange of ideas and opinions is the preferred way to achieve consensus.

Unit Meetings
In the League of Women Voters of Seattle, the consensus process begins in unit meetings, usually held in a member’s home or a private room in a public facility. Although non-members may attend as observers or visitors, only League members may participate in the consensus process.

Discussion Leader
Select a unit member to be the discussion leader for each issue. If possible, the discussion leader should attend the relevant forum and briefing. The discussion leader does not necessarily need expertise on issues, but should be as objective as possible about the subject. The discussion leader communicates discussion norms (see “Discussion Skills” section below), keeps the discussion focused, gives everyone the opportunity to speak, queries those who have not voiced an opinion, recognizes member agreement and moves on, maintaining the recommended schedule.

Resource Person
Committee or board members serve as experts on background information for the consensus questions. An effort is made to send a resource person to each unit meeting. They will be able to provide factual answers for assigned questions as needed; otherwise, they will not participate in the consensus process. They should make multiple copies of background materials available at the consensus meeting.

Recorder
The recorder is a unit member whose function is to record participants’ responses to questions and to take notes as a basis for comments, if needed. Questions should be answered as written; it is not possible to reach consensus if questions are changed. However, if members of the unit feel that questions are confusing or poorly written, the recorder should include comments to that effect. For yes or no questions, the recorder should record an answer if all members are in agreement or can accept the view of the majority and “no consensus” if members cannot agree on an answer. The recorder should also note how many voting members participated. Although it is not necessary to take a vote, it is useful to know in cases of no consensus whether the group was evenly split, or whether there were only one or two in disagreement.

Discussion Skills
Members should bear in mind that not everyone will have the same opinions. The goal is to identify the issues on which members can find common ground. Suggested norms include:
• Listen thoughtfully
• Keep an open mind
• Do not interrupt
• Speak in turn
• Keep comments short – do not monopolize the discussion
• Differ with dignity – no personal attacks
• Stay focused – no digressions
• No sidebar conversations

Previewing Consensus Question Responses and Alloting Time for Each Question
Members are encouraged to read the questions, which will be published in the Voter, prior to the unit meeting. Discussion leaders are responsible for allowing enough time for each question and sticking to the schedule. If you get bogged down on one question, move on to the next and return to the previous one if time allows.

Local League Consensus Process
After unit discussions, recorders return their unit’s responses to the League Office. A committee from the board compiles the results from all of the units and reports back to the board. If the board determines that there is consensus on any of the questions, it establishes new positions, which are in force until the next Annual Meeting, at which time the membership must approve them. A local League’s consensus on a national issue does not constitute a final LWVUS position and should not be publicized.
September Program: Privatization

Privatization Forum September 10, 2009

Discussion Questions
(These questions are intended to get the conversation started. Please do not spend more than 15 minutes in a general discussion.)

1. What is the basic role of government in society? the basic role of business (for-profit private sector)?

2. Discuss the pros and cons of privatization (transferring government services and resources to the private sector).

3. Discuss local efforts to privatize government assets, services, and functions. Can you name other examples not mentioned in the study? Please list.

Consensus Questions

1. What core government services, functions and assets should never be turned over to the private sector? Please circle. (20 minutes)

   Government services, functions, and assets
   (Note: We are referring to the core services being transferred to the private sector, not minor contracts for support services such as food services).

   Core Services

   Functions
   5. Investments   6. Property Assessments   7. Other (please list)

   Assets
   7. Other (please list)

2. What criteria should be the basis for these decisions? (10 minutes)

3. Today, public agencies are required to make a documented finding of adequate return on investment for the public for any contribution of funds or assets to the private sector. (see p. 4, Legal Evolution) Should periodic performance audits be required and made public regarding whether stated public benefits were met each year? Yes, No (10 minutes)

4. In the first two years after government employees or elected officials leave government service, should they be prohibited from working for any private company for which they had oversight responsibilities or authority over awarding contracts? (see appendix D, p. 28) Yes, No
Privatization

A Seattle League Study

September 2009

Study Members

Nora Leech, Chair
Mary Barton
Neal Cholvin
Valerie Cholvin
Lynn Felsinger

Reading Committee
Sarah Luthens
Betty Sullivan
Christal Wood
Contents

I. Privatization: The Public Agenda and Debate
II. Quick Review: League Public/Private Partnerships Study, May 2001
III. Local Efforts
   A. King County
   B. City of Seattle
   C. Case Studies
      Utilities
      Transportation
      Parks
IV. Public/Private Partnerships and Natural Monopolies
V. Potential Issues and Benefits
VI. Conclusion
VII. Appendices
   A. On the Privatization of Public Facilities and Services
   B. Privatization Opportunities in King County
   C. Seattle League Positions on Public/Private Partnerships
   D. City of Seattle Code of Ethics
   E. Bibliography
Big Picture

I. Privatization: The Public Agenda and Debate

The following section takes information from two articles, one advocating for and one questioning the privatization agenda.


These two articles provide a review of the significant policy agenda described by President Reagan’s Commission on Privatization and lay out the basic premises of the debate. We, as citizens of the United States, Washington State, and King County, have been experiencing the effects of the privatization movement since the 1980s. This is a good time to take measure of privatization’s impact on our daily lives, and to think about implications for League policy/positions within the greater framework of this debate.

The Idea

Starr’s article explains that with the rise of conservative governments in Great Britain, the United States and France, privatization has come primarily to mean any shift of activities or functions from the state to the private sector. Those promoting privatizing government services believe that the result will be more efficiency, quality and innovation, lower taxes and a smaller government. Those against privatization say that the private sector mandate to make a profit can endanger public safety, reduce services, and increase costs to consumers and government to pay off corporate debt loads. The privatization movement is an international movement. Outside the United States, it has generally involved outright divestiture of government industries such as utilities, transportation, oil, gas, water and other natural resources. Examples include privatizing Russia’s natural gas (Gazprom), Cochabamba’s municipal water system in Bolivia and the United Kingdom’s British Rail. In the United States, the focus has included deregulation of and reduction of taxes on industry as well as a move toward privatizing government services such as education, prisons, Social Security, Medicare, military services and parks.

History

According to David Linowes, chair of the President’s Commission on Privatization, the movement to deregulate private industry and transfer public services, assets and functions to the private sector was a public agenda created mainly in reaction to the Progressive Era of the early 20th century. Linowes explains that the Progressive Era, ascendant after the Great Depression, envisioned a social and scientific administration of government through professional elites free of democratic politics and special interest groups. In the Progressive Era, while other nations were most likely to nationalize an industry, the US was more likely to subject the industry to systematic government regulations. The Progressive Era also envisioned a much stronger role for government in the well-being of its citizens. Programs such as unemployment compensation and workers compensation were established to protect labor. Programs to protect the aging, such as Social Security and Medicare, and to provide for the poor were begun. The government also took

1 Gazprom and the Bolivia municipal water system have been renationalized.
Linowes reminds us that the Progressive Era policies were themselves a reaction against the Social Darwinism and laissez-faire, free market theories prevalent in the late 19th century preceding the catastrophic events of World War I, the Great Depression and World War II.

Linowes reports that in the 1970s, disillusioned with the Progressive Era agenda, leadership in the increasingly global private sector felt that burgeoning tax rates and government regulations of industry in many nations were inhibiting free trade. President Ronald Reagan and Prime Minister Margaret Thatcher were standard-bearers of this dramatic change in the public agenda.

Linowes tells us that the two most important forms of privatization in the United States have been deregulation and tax reduction. Examples include deregulation of the financial services industry and the push to eliminate taxes on capital gains and inheritances.

In September 1987 President Ronald Reagan established the President’s Commission on Privatization, with Linowes as its chair. Its purpose was “to review the appropriate division of responsibilities between the federal government and the private sector and to identify those government programs that are not ‘properly’ the responsibility of the federal government or that can be performed more efficiently by the private sector.” The commission reviewed a broad spectrum of government activities including:

- Low-income housing,
- Housing finance (Fannie Mae and Freddie Mac),
- Federal loan programs (student loans),
- Air traffic control,
- Educational choice (voucher program and charter schools),
- Postal service,
- Contracting out military commissaries and prisons,
- Federal asset sales: Amtrak, Naval Petroleum Reserves,
- Other programs: Medicare, international development programs, urban mass transit.

**Theories Supporting Privatization**

Paul Starr explains that the normative theories justifying privatization as a direction for public policy have drawn their inspiration from several different schools of thought on what constitutes a “good society.”

**“Property Rights” and “Public Choice”**

The intellectual inspiration behind contemporary privatization in the United States has come from the Public Choice and Property Rights schools of thought, which trace their roots to economic thinkers such as Adam Smith and Fredrick Hayek. Today, prominent leaders advocating these theories include Milton Friedman and the Chicago School of Economics.

The basic assumptions include:

1. Democratic political systems have inherent tendencies toward government growth and excessive budgets.
2. Expenditure growth is due to self-interested coalitions of voters, politicians and bureaucrats.
3. Public enterprises necessarily perform less efficiently than private enterprises.
4. The more individuals stand to gain from tending to their property, the better it will be tended.

Thus, privatization advocates claim that if the private sector is in control of many of the
government services, assets and functions, there will be greater efficiency, better services, less cost, and smaller government (which will result in fewer taxes).

**What is the Role of Government?**

There are fundamental political and economic questions about the proper relationship of government and the private sector. For the past 30 years, political and economic concepts that have traditionally given legitimacy to government have been challenged by the forces advocating for privatization, focusing on three policy areas: asset sales, contracting out and deregulation.

**Privatization in Practice**

Paul Starr describes four types of government policies intended to bring a shift from the public sector to the private sector.

1. **Privatization by attrition**
   - Cessation of public programs and disengagement of government from specific kinds of responsibilities. Restriction of publicly produced services in availability or quality may lead to a shift by consumers toward privately produced substitutes. Government lets the service run down.

2. **Transfer of assets**
   - Through the direct sale or lease of public land, infrastructure and enterprises.

3. **Contracting out (public/private partnerships) or vouchers**
   - Instead of directly producing some service, the government may finance private services, for example through contracting out (also called outsourcing) or vouchers.

4. **Deregulation**
   - The deregulation of entry into activities previously treated as public monopolies.

These policies vary in the degree to which they move ownership, finance and accountability out of the public sector. The spectrum runs from total privatization (as in government disengagement from some policy domain) to partial privatization (public/private partnerships and vouchers such as for school or housing). In the case of partial privatization, the government may continue to finance but not to operate services, or it may continue to own but not manage assets. Partial privatization dilutes government control and accountability without eliminating them.

**Implications for the Seattle League**

The federal government’s record neglect of basic infrastructure needs as well as continuing erosion of funds available for programs to support human services over the last 30 years have strained local governments to find replacements. Two examples of funding losses in our region are the diminution of Section 8 monies from the federal government (subsidization of rents for low-income residents) and the federal decision to move people out of large mental institutions in order to place them in community-based facilities, a plan which never worked because the community facilities were not funded. Loss of funds has put pressure on local governments to figure out how to make up the difference without politically unpopular increases in rates for services or increased taxation. The result has been a trend in our state, counties and cities to transfer services to the private sector.

With many examples of privatization in our region, it is time to assess. What are the basic services that must be performed by government? How do we pay for them? Which services, functions and assets could be effectively transferred to the private sector? Are there government programs that should never be transferred to the for-profit private sector—and if so, what are the criteria? These questions are critical to the creation of new League policy, positions and actions to fit the times.
A Quick Review

II. Seattle League Public/Private Partnerships Study

In May 2001, the League of Women Voters of Seattle produced a study on Public/Private Partnerships (3P). Because public/private partnerships are a form of privatization, a quick review of the May 2001 study will help you understand the current study, which is focused on the larger trend as it impacts us locally.

The Study

Definition

Seattle’s office of City Auditor describes public/private partnerships as “collaborative arrangements between government and the private sector that involve the public partner paying, reimbursing, or transferring a public asset to a private partner in return for goods or services.”

Legal Evolution

Until the mid 1990s, Washington State and its cities and municipalities generally believed they were constrained by the Washington State constitution’s provision regulating the “lending of credit” and “gift of public funds” in establishing public/private partnerships. In the CLEAN decisions (Citizens for Leaders with Ethics and Accountability Now v. State), the Washington State Supreme Court clarified exactly how much latitude municipalities had to apply their own judgments as to what is adequate regarding public benefits. Once a public agency has made a documented finding that there is an adequate return on investment for its contribution to the private sector, the court found this sufficient to pass the test.

Why Have Public/Private Partnerships?

With the loss of federal and state dollars for local infrastructure, these types of partnerships are seen by some as a creative way to generate private monies to build necessary infrastructure in an increasingly tax-resistant environment.

Arguments for these partnerships include the claim that activities and services traditionally the responsibility of government can be run by the private sector more efficiently, in a more entrepreneurial fashion and with less waste than by a government bureaucracy. This was the case presented to the public regarding the Seattle Center’s partnership with the Disney Corporation.

Another argument for turning over government services and resources to private organizations is the assertion that private organizations and businesses are better able to raise funds from the private sector. This argument was central to the case made for turning over the Seattle Aquarium and Woodland Park Zoo to their respective private nonprofit organizations.

It has also been argued that partnerships between government and private businesses are a way to stimulate the economy by creating or maintaining high wage jobs, thereby increasing local revenue from taxes. This was a reason for government subsidies of the Galer Street/Immunex overpass, South Lake Union development, the two sports stadiums and Pacific Place garage.

Each major effort to privatize public services or provide public assets to the private sector has been embroiled in debate about costs and benefits to the public.
Why Not Public/Private Partnerships?

The potential risks involved in a public/private partnership may include:

- inadequate knowledge regarding cost vs. public benefit,
- carelessly negotiated agreements,
- inadequate oversight,
- unclear liability,
- loss of public control over valuable public assets such as public lands and natural resources,
- community and environmental impacts and
- cost to consumers.

These risks have at times resulted in government paying for cost overruns or the legal fees to defend private mismanagement, or in the public being simply left holding the bag.

Action Taken

In an effort to sidestep the possible risks and to better manage the process of developing public/private partnerships, and in response to a 1991 report from the Seattle City Auditor, Mayor Paul Schell established a citizen advisory committee in 1999 to develop a set of standards for reviewing proposed partnerships. The task force established a 15-member panel called the “4P Panel” (Public/Private Partnership Panel) to review public benefits of proposed public/private partnership projects. (Note: The panel met for nine months beginning in May 2000, but since then its activity has been suspended).

Current League Positions: Public/Private Partnerships

Many League positions came from the Seattle League study on public/private partnerships.

In essence the positions call for:

1. Adequate oversight, accountability and citizen involvement,
2. Review of public/private partnership proposals by an advisory body to ensure adequate cost/benefit analyses and a sufficient return to the public on its investments in the private sector,
3. A set of published standards and competitive bidding process.

(See Appendix C for the full set of League positions on public/private partnerships).
III. Local Efforts

There are many examples of privatization, particularly public/private partnerships, in our region. The promise is increased efficiency, better quality services and products, lower costs to taxpayers and customers, and more innovation. Fears include loss of control and accountability, spiraling cost to consumers and/or government, damage to the environment and affected workers’ rights, and disregard of community needs when pitted against the profit mandate.

A. King County

(This information was provided by King County staff member Saroja Reddy, to the League’s privatization study committee.)

The following are some examples of areas that King County has looked at privatizing (or de-privatizing). They are intended to be illustrative only. It is difficult for the county to contract out work that is historically performed by tenured government employees because of either legal restrictions or contractual agreements with represented labor. In addition, it is difficult to privatize many core services because of the nature and accountability of the county to provide charter-mandated services.

1. Parking – The county contracts out the operation of the downtown parking garage (Goat Hill). For many years, the county contracted out the operation of a surface lot at the location of the current garage. The parking garage, however, was managed by Facilities Management, a division of King County government. The old parking garage was demolished to make way for the Chinook Building. A new parking garage was built on the site of the old Goat Hill surface lot. The new garage is managed by a private company.

2. Solid Waste Recyclables – Two years ago, the King County Executive proposed to bring in-house the hauling of recyclable material between county transfer stations and the recycling companies. The proposal, however, was not approved by the county council. This service continues to be provided by the private sector under contract with King County.

3. Investment Pool – The county operates the King County Investment Pool. The pool invests the “idle” cash balances of all county funds plus those of approximately 100 other taxing districts within King County. The pool is essentially staffed by a full-time investment officer with clerical and administrative support. The adopted 2009 budget includes funding to contract out credit analysis, work that currently is not done. While the council’s Investment Pool Advisory Panel recommended contracting out the management of the pool, there are no plans at this time to move ahead with that recommendation.

4. Indigent Public Defense – The county is one of the largest jurisdictions in the state to continue to provide indigent public defense through contracts. The county has always provided these mandated services through contracts with private nonprofit defense agencies. (There are currently four agencies contracting with the county.) In 1999, the county evaluated the provision of defense services and the county’s consultant concluded that the contract services cost approximately as much as it would cost if the county opted to use county employees.

5. Sober Center for Chronic Inebriates – In the early 1990s, the county operated a
sobering center for chronic inebriates in Seattle using county employees. Escalating labor costs resulted in the elimination of support for the sobering center. Subsequently, the county reestablished the sobering center through a contract with a nonprofit agency to provide sobering services at the county facility.

6. Security Services at the Courthouse – Also in the early 1990s, the Superior Court required security at the courthouse after a violent confrontation resulting in death. The services were initially provided by a private for-profit security company. The county ultimately chose to make the courthouse security a county function using county employees. (Deprivatization)

7. Cedar Hills Alcohol Treatment (CHAT) – In 2002, the county ceased operating the Cedar Hills Alcohol Treatment (CHAT) facility because of escalating maintenance costs at the facility. The county is in the process of transferring this facility to the private, nonprofit Young Women’s Christian Association (YWCA) to operate under state contract as a facility for women with children leaving prison.

8. Department of Adult and Juvenile Detention – The Department of Adult and Juvenile Detention has considered privatizing certain operations—primarily food preparation, the provision of medical care and pharmacy services. Each privatization analysis concluded that the county was better served by continuing the existing services.

9. Animal Care and Control – In 2008, an interbranch work group at King County Animal Services looked at options related to improving animal care and control. The work group addressed shortcomings in the provision of humane care and treatment of sheltered animals and ways to improve operations. The work group presented a strategic plan and an operational master plan. Included in the strategic plan is an assessment of problems with current provision of animal services, steps that will be required to bring the current programs up to an industry-defined standard of care and steps that will be required to move to a model program. One option was a community-based approach, with responsibility for some animal services for unincorporated areas to be transferred to a community partner agency(s). The county is currently examining these options.

10. Other – In contrast to the county’s seeking private contract providers of county services, the county sheriff, district court and jail all contract to provide a variety of services to jurisdictions and agencies so that they can avoid establishing their own services.

In addition, King County has many other public/private partnerships, such as flood levy construction and utilities such as the Brightwater Sewage Treatment plant.

B. City of Seattle

The city has entered into many public/private partnerships. Examples include:

- Utilities, such as the Tolt River and Cedar River water treatment plants,
- Transportation, such as the Alaskan Way viaduct and South Lake Union Trolley,
- Parks, such as the Seattle Aquarium, Woodland Park Zoo and the Seattle Center,
- Solid waste collection, such as garbage and recycling,
- Low-income housing, such as Seattle Housing Authority’s Rainier Vista,
- Economic development, such as public subsidies for the Pacific Place garage, Immunex overpass, South Lake Union development, and the stadiums for the privately owned
Mariners, Seahawks and Sonics teams.

C. Case Studies: Utilities, Transportation, Parks

Multimillion dollar contracts with global investor-owned companies play a major role in providing King County and Seattle government with infrastructure.

Public/Private Partnerships (3P) often use the model called Design, Build and Operate (DBO) in major contracts. The DBO model combines the design and construction responsibilities with operations and maintenance. These project components may be procured from the private sector in a single contract, with financing in the form of corporate bonds secured by the public sector.

UTILITIES

King County government and the city of Seattle have significant public/private partnerships related to water, sewage and energy. We have highlighted water and energy as examples of how public/private partnerships work.

Water

Seattle water is primarily provided by the Tolt and Cedar Rivers. The Tolt filtration plant and the Cedar ozonation and ultraviolet purification plants are designed, built and operated by private companies on contract with the Seattle Public Utilities (SPU). The companies don’t own the water; they provide the infrastructure to filter and purify the water. SPU delivers water to homes and businesses through transmission lines that SPU owns and operates. SPU maintains ownership of the water and sets the price for water based upon its costs, subject to approval by the city council. The costs to bring water to our homes impact the rates we pay. One component of the costs is those expenses submitted by the private companies that operate the plants.

A potential issue for local communities is the frequent changes of ownership, as the private companies responsible for operating the water treatment plant are bought out by larger national and even larger global companies. For example, ownership of the private companies operating the Tolt River plant has changed hands four times in the last nine years:

1. Philips was bought out by Enron Azurix North America in 2000. Seattle Public Utilities contracted with Azurix-CDM to start up the Tolt River filtration plant.2


3. In an effort to enter the United States government water management sector, German utility giant RWE bought American Water in 2003. In 2009, RWE was ranked in the top 100 largest companies in the world, according to Fortune Magazine.

4. RWE divested its holdings in the privately held company now called American Water Works by taking it public and issuing stock in 2008.

Hoovers, a Dun and Bradstreet business website, describes American Water as follows:

Water, water, everywhere -- and American Water Works (formerly American Water) wants to own it. The company, a subsidiary of German utility giant RWE, is one of the largest water utility holding companies in the United States. Through its regulated utilities and its contract services division, American Water Works serves more than 15.6 million consumers

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in 32 US states and in Ontario, Canada. The company also provides wastewater treatment in some of its service areas. Non-regulated subsidiary American Water Works Service provides contract management services for water and wastewater systems. In 2008 RWE spun off American Water Works, but retains a 64% stake.4

It is estimated that RWE paid three times the book price for the company, increasing its debt load. According to Jack Willoughby’s 2008 article in Barron’s, RWE agreed to freeze rate increases for five years in many states, effectively capping the company’s ability to lift revenues. With that agreement now expired, the company can focus on growing its rate base again. “Under the new CEO Don Correll, however, American Water is not only free to seek rate hikes, it is playing to a more sympathetic audience.”

Seattle Public Utilities also selected CH2M Hill-Mortenson-OMI in 2000 to design, build and operate the disinfection plant for SPU’s larger Cedar River supply. CH2M HILL Companies, Ltd. provides engineering, construction, operations, project management and related technical services to municipal, state, federal and private sector clients worldwide. OMI, a subsidiary of CH2M Hill, was part of the consortium with RWE in 2003 that successfully bid on the somewhat controversial privatization of the Stockton California water works.6

Energy
The Public vs. Private Debate

An example of an age-old struggle between private and public ownership is the field of energy. Each month, Seattle residents may pay their electric bills to Seattle City Light, a government utility, and their natural gas bills to Puget Sound Energy (PSE), a private for-profit company. PSE furnishes natural gas to King, Snohomish, Kittitas, Thurston and Lewis counties, and electric power to King County residents outside of Seattle.

How did this division of electrical services come about? In 1902, the private firm Puget Sound Traction, Light and Power (later to become Puget Power) built a hydroelectric dam on the Cedar River. They were a monopoly owner. In the 1930s private utilities unsuccessfully pushed for a state law to make public ownership of electrical utilities illegal. A pushback against this threat was created in the 1930s, when the Washington Legislature passed the District Power Bill allowing counties to form Public Utility Districts (PUD) with the authority to force buyouts of privately owned utilities. In 1934, federal law dissolved the utility cartel and Puget Sound Traction, Light and Power (Puget Power) was reorganized under local ownership. It later became Washington Energy. In 1950, the Seattle City Council acted to take over private electric plants serving the city, including those owned by Puget Power.

In 1997, Puget Power merged with Washington Natural Gas to form Puget Sound Energy. In 2009, Macquarie, an Australian-Canadian consortium, acquired PSE and Puget Holdings was formed. The sale price was $7.4 billion, using debt financing, thus raising PSE’s debt level to $4.2 billion. Fear that the debt would be passed on to ratepayers or that the local infrastructure needs would be ignored caused several counties and businesses to balk. Although the state regulates the rates, Skagit, Island and Jefferson counties put up a fight for local control. When asked why PSE would want to sell the business, the reply was that the capital needs were very

4 “Company Description, American Water Works”. Hoovers. Hoovers.com


high and the new owner could access the capital needed for the future. Upon completion of the acquisition, the bond ratings for PSE immediately went up.

**TRANSPORTATION**

Transportation projects involving large global transportation companies and investment firms are increasing in numbers. According to the 2008 *New York Times* article “Willing to Lease Your Bridge,” investment firms reeling from more exotic investments that imploded during the credit crisis are looking to transportation to help create a profit. Companies such as the Carlyle Group, Goldman Sachs, Morgan Stanley and Credit Suisse are among the investors who have amassed an estimated $250 billion war chest to finance a tidal wave of infrastructure projects in the United States and overseas. The reporter Jenny Anderson states, “Their strategy is gaining steam in the United States as federal, state and local governments previously wary of private funds, struggle under mounting deficits that have curbed their ability to improve crumbling roads, bridges and even airports with taxpayer money. Constrained by budgetary restrictions and anti-tax initiatives, governments have turned to public/private partnerships particularly in construction and maintenance of highways and bridges with varying amounts of success.”

According to a Washington State Department of Transportation (WSDOT) study, “Highway maintenance privatization programs are considered for their potential to provide cost savings, increase level of service, supplement state resources, make use of scarce skills, tap specialized areas of expertise, meet peak demands associated with accelerated schedules, and implement political directives. While promises and declarations are of significant cost savings and other benefits are prevalent, there has been little follow up to determine whether initial claims of success and savings have been achieved in actual experience.”

In King County and beyond, transportation projects being considered for public/private partnerships include:

- Alaskan Way Viaduct Replacement,
- SR 520 Bridge (Tolls are being considered for the 520 and I-90 bridges),
- Extension of SR 167 from South King County to the Port of Tacoma,
- Interstate 90 improvements at Snoqualmie Pass,
- Ferry system upgrades for the Colman Dock terminal,
- Freight rail capacity and trans-loading projects.

WSDOT did an extensive review of highway maintenance “outsourcing,” or public/private partnerships, in 2005. The following is an abstract of their findings:

WSDOT Abstract “Review of ‘Outsourcing’ Experience”

Discussion is occurring in many states on whether the outsourcing of traditional categories of state-provided highway maintenance could produce savings in costs or improvements in service. While marketing materials and promotional press releases tout the attractions of outsourcing, insufficient attention has been paid to a growing body of follow-up information – much of it from official audit sources – of actual outsourcing experience.

This paper gathers after-the-fact reviews of highway maintenance outsourcing performance from programs in five states and British Columbia. On inspection, cases are found where costs may have gone up instead of down, services deteriorated rather than improved,

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administrative and supervisory arrangements proved problematic, and contractor failures left states scrambling to provide services or caught in the distraction of litigation. Massachusetts did not expand a much-criticized pilot program. Virginia’s highway maintenance asset management program has been off-again, on-again, with significant mid-stream reshaping. Oklahoma canceled its pilot program. Texas is evaluating whether or not to renew its contracts. Florida is poised to expand highway maintenance outsourcing programs as part of a government wide privatization commitment. British Columbia has been left with no choice but to continue a program that displaced its own-force capabilities, despite unclear cost results and shrinking competition among vendors.

Despite the range of experiences common themes emerging from these reviews can be translated into “lessons learned” for state officials considering programs of this type. One clear lesson is the need for proper planning and scoping. The initial exploratory phases should include asset inventories, activity based costs and economic analyses based on “before” and “after” apples-to-apples cost comparisons. Risk management reviews should consider possible litigation risks and costs. Managers should develop program exit strategies in addition to well-written contracts and specifications. Contracts should include clear performance expectations, evaluation schedules, and financial performance incentives or disincentives. Finally, an experienced management team must be in place to administer and evaluate the contracts. Examining these lessons can support more effective use of public resources, leading to wiser choices as to whether outsourcing should be undertaken, and, if it is, what public management strategies and resource commitments will be necessary to make it successful.

The research reported in this paper was undertaken in part to prepare for the implementation in 2005 of recent legislation in Washington State opening new possibilities for “competitive contracting” of state services.8

Cost

The assumption is that the private companies can do it cheaper and faster than the government. Private companies may be more flexible regarding hiring, better able to benefit from economies of scale for supplies and better able to secure needed capital loans for funding. However, they must also build in profits to shareholders and to lenders.

Eric Dexheimer writes in the American Statesman that in Texas, where privatization of highways has been extensive, a study of 50 out of 60 repair and maintenance categories in 2008 found in-house work was cheaper than hiring out. Texas Department of Transportation spent about $17 million sealing cracks on state roadways last year. State employees worked on about 8,000 miles at a cost of $327 per mile, whereas private contractors repaired about 17,000 miles at a cost of $812 per mile.

Tolls

Investors are drawn to deals with long leases and secure income. Investment companies such as JPMorgan, Lehman Brothers and the Carlyle Group bid for numerous 50–75 year leases on toll roads, expecting a good return on their investment. (Many of these investment firms were first in line for the United States bailout money in 2008/9.) Although attracting investors is a good thing for projects requiring large capital, attaching tolls to major transportation routes can have negative effects such as diverting truck traffic to local roads, and limiting the number of people

able to afford the added expense to their travel for work.\(^9\) Indiana encountered a severe backlash when the Governor collected $3.8 billion from the Indiana Finance Authority (money which helped reduce Indiana’s budget deficit) in exchange for a 75–year lease on the Indiana Toll Road. The toll road is operated by the Indiana Toll Road Concession Company, a joint-venture between Spain’s Cintra Concesiones de Infraestructuras de Transporte and Australia’s Macquarie Infrastructure Group. People were soon up in arms over the increased costs at the toll booth.

A report published June 16, 2009 by Clifford Winston, Brookings Institute and Jia Yan of Washington State University attempts to “assess the welfare efforts of highway privatization accounting for government’s behavior in setting the sale price, firms’ strategic behavior in setting tolls, and motorists’ heterogeneous preferences for speedy and reliable travel.” They concluded that “motorists can benefit from privatization if they are able to negotiate aggressively with a private provider to obtain tolls and service that align with their varying preferences.”\(^10\)

**Caution**

After an in-depth analysis of problems arising from efforts to privatize transportation infrastructure in the United States, the Pew Foundation suggests that states contemplating public/private infrastructure deals should consider the following:

- Passage of enabling legislation that establishes the state’s general interest and terms is necessary before negotiations begin.
  - Transparency and inclusion are crucial to achieving buy-in from policy makers, public and other stakeholders.
  - Decision makers must have a clear understanding of principal goals of a deal —different goals will require different tradeoffs.
  - Proposed deal must be based on realistic financial assumptions.
  - Proposals should specifically describe how the revenues generated by a lease will be invested and spent, and how a private operator’s performance will be monitored.
  - States should consider a long-term lease’s effects on the economy, the environment and the next generation of taxpayers.\(^11\)

**PARKS**

There are numerous forms of public/private partnerships associated with Seattle’s Department of Parks and Recreation.

**Private Nonprofit Organizations**

The Seattle Aquarium and the Woodland Park Zoo are owned by the City of Seattle and managed by private nonprofits—the Seattle Aquarium Society and the Woodland Park Zoological Society. In both cases, the city owns the buildings and land, which it is financially responsible for maintaining. The city contributes over $6 million toward the operating costs annually, and issues

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\(^10\) School of Economic Sciences, WSU, June 6, 2009.

bonds for capital needs. The nonprofits are able to raise private monies through fundraising as well as collect revenue through admissions to support capital and operational needs. The city would ultimately like to turn over both the aquarium and the zoo to their respective nonprofit associations, but both organizations would be hard pressed to raise operating revenue to cover the city’s contributions.

**Private For-profit Businesses**

All four Seattle Parks and Recreation golf courses (Interbay Golf Center, Jefferson Park Golf Course, Jackson Park Golf Course and West Seattle Golf Course) are under long-term contract with Premier Golf Centers, LLC, a private for-profit business that manages six additional courses in Washington State and many more courses nationwide. The city owns and maintains the land on which these golf courses are located, and Premier Golf Centers manages the business. The city currently contributes $9 million toward supporting Premier Golf’s operations.

Magnuson Park provides examples of public/private partnerships. Several buildings in poor repair are being turned over to Arena Sports, a national company involved in the sports business. All of the work being done to upgrade the facilities is at no public expense.

Other examples in our parks include concessionaires which are private businesses, such as the Pitch’ n’ Put golf course and the paddle boat rental at Green Lake, and the Leschi Moorage Facility on Lake Washington.
IV. Public/Private Partnerships and Natural Monopolies

Competition is the force that keeps businesses producing goods at the lowest possible cost and the best price for consumers. However, there are some industries where competition could not be expected to work because they are natural monopolies, in which one firm supplies the whole of the natural market. Services mentioned as natural monopolies include utilities such as electric power, gas, and water supply; transportation such as railways, roads, busses, airways; communications such as telecoms; and ports.

John Williamson, a lead economist at the World Bank, says that water supply and sewer systems are textbook cases of natural monopolies.\textsuperscript{12} He suggests that it may be desirable to have a competition (antitrust) policy, which gives authority to investigate cases of alleged collusion and price fixing and to penalize firms found guilty of abuses.

The standard policy recommendation in the case of a natural monopoly is price regulation. However, price regulation may discourage private companies, which must provide a return to investors in a very competitive market for capital funding, from participating. The challenge for government lies in providing private, profit-driven monopoly firms with incentives to provide the highest quality services at the lowest cost.

John Williamson lists the cases in which regulation would seem to be essential.

1. The sale price of electric power to the public
2. The margin to be charged for the transmission of power
3. The price of gas to the public and perhaps to domestic suppliers
4. Some rail services
5. The rules governing access between telecommunication networks
6. Water supply and sewer systems

Competing Goals

The public’s interests and the private sector’s mandate for efficiency and return on investment may create a situation of competing priorities. Complicating the evaluation of cost benefits are indirect costs. Examples of expenses that may impact profits are costs involved with impact on the environment, such as an environmental cleanup; local community needs such as noise abatement; labor issues such as work conditions and overtime; and consumer prices as they affect residents who are unable to afford the services.

As citizens, we should ask what incentives and protections have our governments established to keep costs and consumer prices low in natural monopolies?

V. Potential Issues and Benefits

A. Potential Issues

Many issues are apparent when considering the merits of privatizing a government asset, service or function. The following issues have been brought up by concerned citizens and bear careful evaluation.

Accountability

Private companies are accountable to their owners (shareholders) and can exist and thrive only when they achieve the desired level of profitability. Managers of government enterprises have no corporate boards or shareholders to answer to regarding making profits.

Oversight / Evaluation

Effective government oversight of private sector performance is difficult, especially under the following circumstances.

- If government staff lack the expertise to evaluate industry-specific technical and business complexities,
- If there is a lack of transparency by the private company performing the government service,
- If there is inadequate funding available to the government departments charged with oversight,
- If there are insufficient watchdogs in the media or nonprofit advocacy organizations to ensure proper oversight or
- If there is insufficient political will among the policymakers to ensure proper oversight.

A national example with local impact is the private company Diebold, responsible for building and maintaining the voting machines for elections. The company limits oversight by prohibiting government access to the internal workings of the voting machines, claiming that this is protected intellectual property. Another example is the Federal Securities and Exchange Commission, which lacked the resources and the political will to do the job of overseeing the financial services industry. A local example involves the Washington State Department of Social and Health Services, which was recently sued for $22 million in a court case involving a starving child. According to the Seattle Times, “The use of private contractors was cited as a main problem in the case of Shayne Abegg, who was hospitalized in 2007 after being purposely starved. Initially, the contractor had been assigned to work with the Everett family on ‘food issues,’ after reports of abuse or neglect. After several months, the contractor told the state that the family was doing well and the case should be closed.” 13 The Seattle Times headline of June 23, 2009, “Audit rips county’s oversight of projects,” adds to the evidence of lack of government oversight of private contracts.

If multiple government bodies are involved in contracts to a single contractor, competing jurisdictions may lead to problems. Government auditing departments responsible for detecting and exposing corruption in government have little, if any, jurisdiction over private contracts. A

national example is the private firm Blackwater’s military contracts in Iraq. Citizens may more easily exert pressure on government enterprises than on a corporation. Governments answer to no investors or corporate boards, but only to the public (which includes special interest groups and lobbyists.) Exposing problems in government is easier than exposing problems in private corporations, due to laws such as the Freedom of Information Act, which demands transparency and disclosure in government.

**Infrastructure**

Local infrastructure must be maintained and be able to expand when necessary. Global corporations and large United States corporations have competing demands for capital and infrastructure from many customers around the globe. These corporations must invest their resources in areas that produce the highest return to stockholders and investors. They may not be willing or able to finance or prioritize local improvements due to competing higher priorities in their business plan.

**Politics**

Business needs are sometimes not aligned with the public interests. Large corporations often pay public relations professionals to convince decision makers that privatization is a sensible idea, whether or not this is actually the case. Corporations typically have far more resources to procure expert testimony, advertisements and conferences advocating on their behalf than do governments or citizen groups.

**Deregulation**

Individuals working in the public sector can be influenced to change regulations that have a negative impact on businesses’ bottom line. The removal of controls and oversight of public/private undertakings are types of deregulation that can hurt the public. An example is the deregulation of the financial services industry, which contributed to the recent bank failures.

**Profits**

Profit and public service are not always aligned. Private companies’ primary goal is to maximize profits. Efficiency is paramount to profit. Achieving the lowest costs and increasing market share are keys to success. When costs for environmental cleanup, infrastructure improvements, and/or community welfare hinder profits, profits must prevail for a competitive business.

Profits from successful private companies end up in investors’ hands around the globe and have no mandate to stay inside the communities that generate the profit.

Private for-profit contracts that receive compensation from the government based on the number of people served, such as those for immigrant detention centers, halfway houses and social welfare services, depend on increasing the number of people served to increase revenues. This may present a conflict of interests.

**Labor**

Private firms have much more leeway regarding hiring practices than do government employers. Employment at will is the norm in private business, allowing firing for no cause. Lack of civil service restrictions on nepotism, job qualifications, equal opportunity, collective bargaining and many other protections impact the work force in a private business.

Businesses can hire subcontractors, thus shifting the risk and liability regarding violations of employment laws, such as hiring undocumented immigrants. Low wages and lack of benefits can
be a strategy for increased profits in a labor market with high unemployment. The differential between executive pay and that of the rank and file tend to be greater in large private for-profit companies than in civil service systems.

Downsizing occurs more often in private companies, resulting in layoffs, high unemployment, and a more unstable work force. It is generally the government that picks up the costs for helping people who have lost their jobs, by providing services such as unemployment insurance and food stamps. In economic downturns, downsizing shifts risks from businesses to the public and the state.

**Revolving Back Door**

Government staff and elected officials who are directly involved in awarding contracts to and regulation of private companies may be hired by the same companies immediately upon leaving their government positions. Companies may hire relatives and friends of government officials and staff who are still working in government. (See appendix IV for Seattle’s ethics policies.)

**Lost Revenue**

As governments divest themselves of the more “profitable” or revenue-producing segments of government services, they are left with the revenue-losing segments. In the past, “profitable” segments allowed the government to provide services to areas more remote or difficult to serve. If they are left with only the revenue-losing segments, the options will be to levy additional taxes or collect fees to pay for services to these areas, or to reduce or eliminate services. Construction and maintenance of roads to rural communities would be an example.

**Rapacious Behavior**

When private firms provide profitable functions such as debt collections, they can harass people to uncomfortable levels. The businesses profit as they add fines and interest payments, garnish wages and ruin reputations with the credit rating services accessible to employers. When penalties become lucrative sources of income as opposed to efforts to gain social compliance with laws, society can lose civility and cooperation. Examples include the Internal Revenue Service, which outsourced debt collections to private firms that profit from how much they collect. Student loans are also now run by private banking businesses with sophisticated collection agencies. Locally, towing companies and collections for parking tickets pose a problem for the poor.

**Shifting Liability**

In a case involving lawsuits against federal contractors, the United States Supreme Court recently ruled 5-4 that only individual agents, not corporations working for the government, may be sued for performance violations. The case concerned an inmate who lived in a fifth-floor room while serving a federal prison sentence for securities fraud. He was allowed to use the elevator because he suffered from congestive heart failure. When a guard had him climb the five flights, he had a heart attack, fell down the stairs and suffered an injury. He sued the company that ran the halfway house for the Federal Bureau of Prisons.14

**Corruption**

It may be argued that any monopolized function faces risks that decisions may be made for political reasons or personal gain of the decision maker rather than for economic reasons. Corruption during the privatization process, however, can result in significant underpricing of the

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asset. This allows for more immediate and efficient corrupt transfer of value, not just from ongoing cash flow, but for the entire lifetime of the asset stream. Often such transfers are difficult to reverse.

Corruption may also take the form of “kickbacks,” i.e., bribes after the fact. In a recent case in Pennsylvania, Pennsylvania Juvenile Court judges were accused of receiving kickbacks from operators of private detention centers for increased commitments of youth. Many of the juveniles sent to detention had committed minor infractions or no crimes at all.15

Absence of Competition

Privatization can not result in true competition if a natural monopoly exists. Natural monopolies are by definition not subject to competition and are better administered by the state. If consumers have no options to change vendors, then companies have little incentive to keep prices or costs low or to provide optimum quality. It is difficult to know if an enterprise is efficient unless there are competitors to compare against.

Changing Owners/Leveraged Buyouts

Private companies providing critical human needs such as water and energy are susceptible to leveraged buyouts if they become mired in debt, or have conflicts of interests on their respective boards of directors. Companies in charge of critical functions are subject to changing ownerships and thereby changing priorities of the parent company.

Capital Needs

Issue of private sector debt may be a problem. Large corporations, striving for dominance, engage in rapid expansion to control market share. To do this, they take on large debt load each time they buy out a competitor. The two most likely options for paying the debts are raising prices and selling assets. Companies with too much debt are susceptible to leveraged buyouts and takeovers.

According to bond rating company Standard and Poors, “ratings benefit from favorable regulatory cost-recovery mechanisms, stable cash flows, absence of competition within existing service territories and relatively low operating risk support.”16 Large investors are drawn to these types of investments. Using corporate bonds instead of municipal bonds may add to the costs of projects, since corporate bonds typically offer a higher return.

Donor Fatigue and Disappearing Partners

Depending on private partners who may be unable or unwilling to perform in the future can present difficulties for governments. A recent example is the Seattle Art Museum (SAM)’s newly constructed downtown building. The project was stunned by the loss of its key partner, Washington Mutual Bank (WAMU). The city of Seattle guaranteed the bonds for the SAM building, and the rent from WAMU for the top floors was an important revenue stream to repay the bonds. Should SAM not be able to find a replacement, the city could end up with the risk.

Constant fundraising from the public can lead to donor fatigue and an unequal sharing of the costs, especially when serving the poor in an economic downturn.

B. Potential Benefits of Private/Public Partnerships

The following benefits have been identified by citizens who support privatizing government

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services, functions and assets. Private businesses are better able to:

**Bring in expertise**
Large corporations are better able to hire experts in increasingly complex fields such as transportation, utilities, insurance, investments and medicine. It is difficult for the government to compete with large corporations, which can offer higher executive salaries, for top-tier professional staff.

**Provide services more efficiently**
Because of their size and volume, larger businesses are able to work with suppliers to get the lowest possible costs. Because so many large businesses are not unionized and many government workers are unionized, large businesses are better able to negotiate lower wage rates and work conditions for the rank and file. Businesses are better able to downsize in downturns, making the operations more efficient.

**Provide good customer service and products**
In competitive environments, businesses driven by the profit motive must strive for efficiency and maximum sales. This results in many innovations for ways to do things more efficiently. Businesses can pass on these innovations and cost savings to customers in the form of better products at lower prices and better customer service, in an effort to gain increased market share and profits.

**Raise more capital**
Large corporations are better able to attract the large amounts of capital investments needed by today’s growing cities by offering higher returns on investments than local governments can offer. Nonprofit private organizations are able to raise money from the public for projects near and dear to the hearts of local citizens, thereby removing the responsibilities and costs from governments.

**Involve the public**
Corporations and nonprofit private organizations are able to devote public relations resources to encourage citizens to contribute to community issues.

The Cato institute, a conservative think tank and a strong advocate for privatization, offers these three reasons to privatize government services, assets and functions.

1. Privatization would cut the budget deficit by selling government assets.
2. Privatization would reduce the responsibilities of the government so that policymakers could better focus on their core responsibilities.
3. Privatization would spur economic growth by opening new markets to entrepreneurs.
VI. Conclusion

With such a strong movement to dramatically change the structure and role of government, citizens must continually assess the impacts of different policies on society and local communities. The pendulum swung from laissez-faire free market policies in the late 1800s, to the Progressive Era advocating stronger government roles in regulating society in the 1930s, back to free market in the 1980s, to our present day policy debates over government intervention and control over industry and government responsibility for the well-being of citizens in our nation, states and cities.

What are the essential roles of government regarding the well-being of citizens? How should public assets such as natural resources be managed? Should government collect taxes to provide public benefits such as education and libraries, roads and infrastructure? Should the government protect citizens from abusive labor conditions, or harmful business practices impacting consumers? What social functions present moral hazards when subjected to a profit mandate?

We are being asked these questions daily. We, as representatives of the needs of civil society, need to be aware of the complexities of privatization in order to decide which policies will truly maintain healthy, prosperous and livable communities.
APPENDIX A

For the League of Women Voters of Seattle

On the Privatization of Public Facilities and Services

By Don Comstock, PhD, Antioch University Professor, Center for Creative Design

1. What is the connection between capital seeking high returns to the selling off of government assets, functions and services?

The move to privatize public services and facilities results from the same economic dynamic as globalization and environmental abuse. It demonstrates the growth and spread of our economic system into every function and location in this world. If we have reached a point where we are able to question whether economic growth is the solution to our problems, then it would be helpful to understand why growth has become the emblem of our society.

Economic growth is built into the market capitalist economy that Europeans and their descendents have constructed over the past three centuries. This is its magic and its flaw. Why must we grow? Because we fuel our economy with money, also called capital, and the purpose of having money and investing that money in the economy is to make more money. When we add to that money, we don’t immediately retire and spend that money on a vacation. No, if we are good savers, investors and business managers, we re-invest it to make more money. We buy stocks and bonds, we give our savings to banks, we save for retirement all with the expectation that our money will grow. And we return what has grown to the principal of investments and loans so that it can earn more next year.

It does not take much insight to see that this results in exponential growth. This is what our parents told us to do when we began those saving accounts in grade school. Saving and growth is the most central principle of our economy and therefore of our culture. If you are a business person who spends all your profits on vacations, toys and gifts, your competitors who reinvest will quickly outpace you and you will go out of business. It is an imperative of the competitive market economy that business survival requires growth thorough saving and reinvesting profit.

So from our experiences as savers, investors, workers, retirees and managers, we know that we must invest and reinvest in this economic machine. And what is the result for the machine? It grows larger and larger – and it does so not by the same amount each year but exponentially! The rate of growth increases each year as our total savings and money supply grows. This is what has fueled the phenomenal change in our lives over the past three centuries.

Continuing exponential growth in money that must be invested in making more money to pay interest and dividends to everyone who saves, loans, and invests is the motive force behind the privatization of public assets and services. More and more services and facilities must be turned over to the monster that yields our way of life. It takes little imagination to see that it is also the driving force behind the global expansion of markets and investments into all parts of the world as well as to our increasing occupation and exploitation of the natural world.

Self-generating economic growth can be a very powerful force that improves many lives when the principal that must be serviced is small and the slope of growth is modest. As exponential growth continues, however, we begin to experience the limitations of a process that must race
ever-faster and climb ever-higher in order to keep itself alive. Recent years have seen an explosion of financial instruments invented far up on the mountain of capital. These derivatives, secondary mortgage pools and credit swaps offer further evidence that our economy is ruled by the imperative to make money from money even in the absence of any useful service or product.

Only when we make money the medium for improving our lives and our communities, rather than the purpose of those lives and communities, can we begin to talk seriously about a sustainable society. This will be a big shift that will take us beyond the portion of the challenge represented by privatization. Nonetheless, we must understand that the pursuit of returns to rapidly growing volumes of capital is behind efforts to turn public facilities into private assets. Only then will we be able to ask searching questions of private solicitors and public officials.


2. Explain how the creation of private sector monopolies through partnerships with government can impact pricing.

Here we can either launch into the arcane world of theories of monopoly pricing or ask the simple question of what happens when we can buy a product only from one seller. What price can that seller charge us? The answer, of course, is the price will be higher, often much higher, than if that seller has competitors. That is why for hundreds of years we have made governments that we can guide through democratic means the suppliers of services we consider to be natural monopolies. This includes water, sewer and most other public utilities as well as social and recreational services, not to mention military forces. Where we have turned these over to private sector businesses, we have then incurred additional costs of public regulation of these businesses—with varying levels of effectiveness. We are today in one of the more remarkable periods of dealing with the limits of public regulation of private capital. Those sub-prime mortgages and their derivative debts have turned out to be much more expensive than their sticker prices.

Not only will we need to limit monopoly pricing, but the private provision of public services and the operation of public facilities will seldom be less costly than when run by government. Since the cost of private investment capital is greater than public capital, private businesses start out behind the economic eight-ball. State and municipal bonds and federal treasury notes carry lower interest charges than private bonds and other debt instruments. Since no one is putting their money into this business in order to provide a service to the public, the business, unlike the government, must make a profit from running a water filtration plant. This adds to the cost of the private provision of any public facility. This is clear after more than twenty years of fighting over whether health care in America should be a publicly or privately financed. So far we have maintained our canonical belief that the growth of private capital is more important than the health of our citizenry.

So how would a private business lower the cost of the formerly public service? By lowering other costs to compensate for the cost of capital and profits for investors. Which of those will not reduce the quantity or quality of the service? Alternatively, the private monopoly may raise prices to us, the users. The Global South is now overrun by European and American companies privatizing communal water supplies and pricing them out of the reach of ordinary citizens. Despite decades of mythmaking, there is no evidence that private companies are more efficient than public agencies and plenty of evidence that employees committed to the public good will work more conscientiously than those who are working only for their paychecks. Despite three centuries of hearing that private greed results in public benefit, we still know that empathy, respect and community are motivators of truly exceptional behavior.
3. What questions can citizens ask to get a response from government officials and what stage in the process would be most effective?

I think it is one of the signal strengths of the League of Women Voters who know when, where and how to raise important questions that make our governments more effective, responsible and democratic.

I think we can see some of the questions about costs and returns to private capital that are immediately relevant to a particular privatization proposal. Most of us will need some help from an accountant to find the answers in these proposals but that is not a barrier to asking the important questions.

When and where we should raise these questions turns our attention, I believe, back to the larger issue I raised at first about the purpose of our economy. We have grown economically rich over the past three centuries by pursuing the autonomous growth of money and the subordination of all other human purposes to the expansion of private capital. This has been especially explicit during the past thirty years. Others have pointed out how we have also grown poorer in our relationships with each other and with the earth. And some cranks insist there is a connection between that which has shriveled and what has grown luxuriantly. I hope that I have been able to show how privatization and public-private partnerships are part of the economic imperative to continue to the luxuriant grow of money. Maybe we are at a time when we can ask what the point is. Our new president has risen to iconic stature assuring us that we can. Now it’s time to ask each other, what is it that we should do?
APPENDIX B

Privatization Opportunities in King County

(The following information was taken from the website of the Washington Policy Center (www.washingtonpolicy.org.), a local think tank dedicated to privatization. It highlights privatization opportunities under consideration for King County.)

WASHINGTON POLICY CENTER

"Privatization is] a revolution in economic thinking...a return to principles we once adhered to, but from which we have strayed. They are principles of individual freedom and private enterprise that have changed the world more in 200 years than all the changes in the preceding 2000 years.” -- former Secretary of State George P. Schultz, 1982-89

In the past decade, as taxpayers have shown themselves unwilling to pay ever more taxes, governments have been forced to rethink the ways in which they deliver services. Around the United States, innovative leaders have experimented with privatization --- contracting out, competitive procurement, asset divestiture, and outright asset sales ---- and the results are clear: lower costs, greater efficiency, more effective and responsive programs, improved worker satisfaction, greater community support and involvement.

In competitive environments, the presence of more than one model allows all providers to observe alternative ways of doing things and to learn from the successes and mistakes of others. In business, change can occur and improvements can be made without the delays sometimes required in the public sector. But through competition, all players can improve performance.

Public Enterprises

King County Airport (Boeing Field): 17 airports around the nation are managed by private companies, transforming tax subsidies into tax revenues while serving the needs of aviation.

Public Transit: Over one-third of San Diego’s bus service is contracted to private companies, producing lower costs while preserving quality of service.

Solid Waste: Contract garbage collectors provide collection service at costs averaging 28-42% less. Indianapolis bids curbside collection to four private companies plus the city’s own Department of Public Works with first year savings of $3,000,000.

Wastewater Treatment: Private management of wastewater treatment saved Indianapolis $65,000,000 over five years.

Public Programs

King County Jail: Tennessee’s privately operated prison operates at a lower cost and with better and safer services than the state correctional facilities. King County could begin with contracted management and private food service operations.

Parks Management: Studies have shown a savings between 20 and 50% where park management is contracted out --- money which could be spent upgrading parks maintenance.
Parks Maintenance: Contracting out maintenance for some parks, including contracting with neighborhood associations, can improve the quality of our parks and restore them to the community they serve.

Roads Maintenance: When Indianapolis placed its roads maintenance work in competition, city employees petitioned the Mayor to reduce the supervisory staff so they could compete. Result: better, more cost effective service.

Youth Detention: As King County considers the need for increased capacity, the opportunity to experiment with privately owned and operated facilities provides potential for greater efficiency and savings.

Internal Services

Building Maintenance: The private sector is expert in providing janitorial and maintenance services to office buildings. Private contracting reduced custodial costs by 51% in Los Angeles.

Motor Pool: In Coral City, Florida, when city employees successfully won the bid to continue to provide services, the lessons they learned through the bid process allowed them to save $200,000 for the taxpayers. Other areas, such as real property management, competitive purchasing, permit review and building inspections, even as routine as washing the windows on government buildings would benefit from considering private sector opportunities.

Indianapolis and Chicago, Massachusetts and California are among the cities and states where strong political leadership has shown that public purposes can be achieved best by service delivery through competition.
APPENDIX C

Seattle League Positions on Public/Private Partnerships

These positions were adopted by the Seattle League in 2002 as a result of the study.

- Support measures to ensure accountability and adequate citizen participation/oversight in public-private partnerships. Our vision recognizes that public-private partnerships may serve as a mechanism for cities to work in concert with the private sector to achieve public objectives if the following elements are present: 2002

  A. Citizen involvement at the earliest possible point in the process: Prior to any city commitment or negotiation about a possible project, citizen involvement should be solicited and required to assess the benefits, if any, and risks, both tangible and intangible, of any proposed public/private partnership.

  B. Periodic public hearings should be held in which there is an opportunity for citizens to comment at the initiation of a project and at key stages of project development.

  C. Any proposed public/private partnership involving a substantial commitment of public funds should be reviewed by an advisory body that will provide advice and direction to the city council, the mayor and the public.

  D. Criteria should be developed to enable the public and any designated advisory body to weigh the public benefit and cost of public-private partnerships.

  E. Any advisory body should be empowered to develop additional criteria to ensure:
     1. Accountability to the citizenry;
     2. An adequate cost/benefit analysis; and
     3. An adequate return on the public investment.

  F. To ensure a successful public-private partnership, the cities should develop a set of standards prior to entering into a contractual agreement with a private partner that includes the following:
     1. A competitive selection process;
     2. Identification of financial exposure, public objectives and contract safeguards;
     3. Investment in the necessary expertise for negotiating the contract;
     4. Establishment of contractual performance standards, including exit provisions and methods to enforce the standards; and
     5. Development of methods to assure adequate oversight and accountability at every stage of the project. 2002
APPENDIX D

City of Seattle Code of Ethics

AFTER LEAVING CITY EMPLOYMENT

**Question:** I’d like to hire an employee I’ve dealt with at the City. May I?

**Answer:** You may hire a current or former City employee. Keep in mind, however, that the Ethics Code places some restrictions on that employee’s activities for twelve months following separation from the City. City officers and employees must wait one year after leaving the City before they can (i) assist others in proceedings involving their former agency, (ii) assist or represent others on matters in which they were officially involved, or (iii) compete for contracts when they helped determine the scope of work or the process for selecting a contractor.

The employee is also prohibited from sharing or using confidential or proprietary information. This prohibition has no time limit. The employee cannot share or use information that is not otherwise available to the public.

Please also see Conflict of Interest above, regarding limitations on the activities of a current employee receiving a job offer from a City contractor.

CONFLICT OF INTEREST

**Question:** Our City project manager’s spouse has just hired on with our company. Is there any problem with this?

**Answer:** Employees may not take part in City business where they, or an immediate family member or household member, have a financial or private interest. The employee must either stop working on your project or contact the SEEC for advice.

Even if the employee does not have an actual financial interest in your project, City employees also are prohibited from taking part in City business where they would appear to have a conflict of interest or impaired judgment.

This includes selection processes. City employees must withdraw from a vendor selection process if one of the competitors is a relative or household member, or if a competitor has been the employee's business partner or client within the last twelve months, or if the employee’s relationship with the candidate would appear to a reasonable person to impair the employee's judgment.

**Question:** I’d like to hire the City employee I deal with all the time. May I offer her a job?

**Answer:** You may offer the employee a job. Be aware, though, that once you open discussions about prospective employment with a City employee, that employee cannot be involved in City matters affecting your business. A reasonable person will believe that your discussions have created a conflict of interest, and will influence the employee's dealings with you. See below for limits on a former employee's activities after leaving City employment.
APPENDIX E

BIBLIOGRAPHY


City of Seattle Legislative Information Service. “Resolution Number: 30072, Resolution approving general guidelines for improving public knowledge of certain partnerships of the city with private and public entities, including public agencies and public development authorities.” November 22, 1999.


Public Citizen’s Water for All Campaign, RWE/Thames Water: A Corporate Profile. March

Public Citizen’s Water for All Campaign. “U.S. Mayors Make a Splash at RWE's Annual Shareholder Meeting in Germany.” April 2006.


**Personal Appearances Before the Study Committee**

- Donald Comstock, Ph.D. Core Faculty, Center for Creative Change, Antioch University Seattle
- Paul Guppy, Vice President Research, Washington Policy Center
- Nick Licata, Seattle City Councilmember
- John Fox, Displacement Coalition
- Saroja Reddy, Policy Staff Director, King County
- John Burbank, Economic Opportunity Institute
- Norman B. Rice, former Mayor of Seattle
- Jeanine Livingston, Contracting Compliance Director, Washington Federation Service Employees (WFSE)
## Unit Meetings

<table>
<thead>
<tr>
<th>Unit Leader(s)</th>
<th>Email</th>
<th>Phone</th>
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<tbody>
<tr>
<td><strong>Thursday, September 10</strong></td>
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<tr>
<td><strong>University House - Wallingford</strong></td>
<td></td>
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</tr>
<tr>
<td>Barbara Denis</td>
<td><a href="mailto:bdenis@att.net">bdenis@att.net</a></td>
<td></td>
<td>10:00 am</td>
<td>University House</td>
</tr>
<tr>
<td>Judy Coskey</td>
<td><a href="mailto:ticoskey@msn.com">ticoskey@msn.com</a></td>
<td></td>
<td></td>
<td>4400 Stone Way N</td>
</tr>
<tr>
<td><strong>Monday, September 14</strong></td>
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<tr>
<td><strong>Southend</strong></td>
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<tr>
<td>Sam Scharff</td>
<td><a href="mailto:webcats@speakeasy.net">webcats@speakeasy.net</a></td>
<td></td>
<td>7:30 pm</td>
<td>Lila Bulen</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>3716 Cascadia Ave. S</td>
</tr>
<tr>
<td><strong>Issaquah Evening</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Anne Thornton</td>
<td><a href="mailto:anninissaquah@gmail.com">anninissaquah@gmail.com</a></td>
<td></td>
<td>6:30 pm</td>
<td>King Co. Library System Service Center, 950 Newport Way NW, Issaquah</td>
</tr>
<tr>
<td><strong>First Hill</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Jeannette Kahlenberg</td>
<td><a href="mailto:kahlenb@gmail.com">kahlenb@gmail.com</a></td>
<td></td>
<td>10:00 am</td>
<td>Mary Margaret Pruitt</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Horizon House, 900 University St., Sky Lounge</td>
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<tr>
<td><strong>Capitol Hill/Montlake</strong></td>
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<tr>
<td>Jan O’Connor</td>
<td><a href="mailto:oconnor.js@gmail.com">oconnor.js@gmail.com</a></td>
<td></td>
<td>7:15 pm</td>
<td>2344 McGilvra Blvd. E</td>
</tr>
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<td><strong>Tuesday, September 15</strong></td>
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<td><strong>Bellevue</strong></td>
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<tr>
<td>Bonnie Rimawi</td>
<td><a href="mailto:bonnierim@aol.com">bonnierim@aol.com</a></td>
<td></td>
<td>10:00 am</td>
<td>Bellevue Regional Library Rm 3</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1111 110th Ave. NE</td>
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<td><strong>West Seattle Day</strong></td>
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<tr>
<td>Ethel Williams</td>
<td><a href="mailto:etheljw1@q.com">etheljw1@q.com</a></td>
<td></td>
<td>12:30 pm</td>
<td>Ann Bowden</td>
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<td>Ann Bowden</td>
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<td></td>
<td>The Kenney, 7125 Fauntleroy SW</td>
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<td><strong>Wednesday, September 16</strong></td>
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<td><strong>North End Afternoon</strong></td>
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<tr>
<td>Jo Dawson</td>
<td><a href="mailto:warrenandjo@comcast.net">warrenandjo@comcast.net</a></td>
<td></td>
<td>12:30 pm</td>
<td>2148 N 115th St.</td>
</tr>
<tr>
<td><strong>View Ridge</strong></td>
<td></td>
<td></td>
<td></td>
<td>12:45 pm 6004 NE 60th St.</td>
</tr>
<tr>
<td>Gail Winberg</td>
<td><a href="mailto:winbergeng@comcast.net">winbergeng@comcast.net</a></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Peggy Saari</td>
<td><a href="mailto:peggysaari@comcast.net">peggysaari@comcast.net</a></td>
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<tr>
<td><strong>Magnolia/Queen Anne/Ballard Eve</strong></td>
<td></td>
<td></td>
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<td>Teddy Geokezas</td>
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<tr>
<td>Bettina Hosler</td>
<td><a href="mailto:glencoe1985@aol.com">glencoe1985@aol.com</a></td>
<td></td>
<td></td>
<td>4500 Palatine N</td>
</tr>
<tr>
<td><strong>North King County</strong></td>
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<tr>
<td>Rejean Idzerda</td>
<td><a href="mailto:idzerda@comcast.net">idzerda@comcast.net</a></td>
<td></td>
<td>10:00 am</td>
<td>Lake Forest Park Third Place</td>
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<td></td>
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<td><strong>Mercer Island</strong></td>
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<tr>
<td>Lucy Copass</td>
<td><a href="mailto:lucyco@speakeasy.org">lucyco@speakeasy.org</a></td>
<td></td>
<td>9:15 am</td>
<td>Mercer Island Presbyterian Church</td>
</tr>
<tr>
<td>Cynthia Howe</td>
<td><a href="mailto:howe.john@comcast.net">howe.john@comcast.net</a></td>
<td></td>
<td></td>
<td>3605 84th Ave. SE, Mercer Island</td>
</tr>
<tr>
<td><strong>Issaquah Day</strong></td>
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<tr>
<td>Margaret Austin</td>
<td><a href="mailto:margaretaustin@comcast.net">margaretaustin@comcast.net</a></td>
<td></td>
<td>10:30 am</td>
<td>Issaquah City Hall and Police</td>
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<td>130 E Sunset Way, Coho Room (upstairs)</td>
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<tr>
<td>Juliet Beard</td>
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<td></td>
<td>4:30 pm</td>
<td>Richmond Beach Congregational Church, NW 195th and 15th Ave. NW</td>
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<tr>
<td><strong>North Central</strong></td>
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<tr>
<td>Jan Orlando</td>
<td><a href="mailto:orlanre@aol.com">orlanre@aol.com</a></td>
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<td>7:30 pm</td>
<td>Alice Rasp</td>
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<td>4523 5th Ave.</td>
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<tr>
<td>Sheila Hoff</td>
<td><a href="mailto:srhoff123@yahoo.com">srhoff123@yahoo.com</a></td>
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<td>Liv Grohn</td>
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<td>338 10th Ave, Kirkland (call for directions)</td>
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<td><strong>Saturday, September 19</strong></td>
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<td>10:00 am</td>
<td>Janet Anderson</td>
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<tr>
<td>Kim Peterson</td>
<td></td>
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<td>4580 W Cramer (call for directions)</td>
</tr>
<tr>
<td>Kerry Peterson</td>
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**Please note September date changes**
# Board & Committee Contacts

<table>
<thead>
<tr>
<th>Term</th>
<th>Executive Committee</th>
<th>President</th>
<th><a href="mailto:president@seattlelwv.org">president@seattlelwv.org</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>2009–2011</td>
<td>President</td>
<td>Allison Feher</td>
<td></td>
</tr>
<tr>
<td>2008–2010</td>
<td>1st V.P. Outreach</td>
<td>Maria Brusher</td>
<td><a href="mailto:mariabrusher@yahoo.com">mariabrusher@yahoo.com</a></td>
</tr>
<tr>
<td>2008–2010</td>
<td>2nd V.P. Program</td>
<td>Nora Leech</td>
<td><a href="mailto:nleech2002@yahoo.com">nleech2002@yahoo.com</a></td>
</tr>
<tr>
<td>2008–2010</td>
<td>3rd V.P. Voter Service</td>
<td>Sarah Luthens</td>
<td><a href="mailto:luthens.seattlelwv@gmail.com">luthens.seattlelwv@gmail.com</a></td>
</tr>
<tr>
<td>2009-2011</td>
<td>4th V.P. Voter Editor</td>
<td>Beatrice Crane</td>
<td><a href="mailto:votereditor@seattlelwv.org">votereditor@seattlelwv.org</a></td>
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<tr>
<td>2009–2011</td>
<td>Secretary</td>
<td>Brita Butler-Wall</td>
<td><a href="mailto:secretary@seattlelwv.org">secretary@seattlelwv.org</a></td>
</tr>
<tr>
<td>2009–2011</td>
<td>Treasurer/Unit Coordinator</td>
<td>Judy Bevington</td>
<td><a href="mailto:gbeving@eskimo.com">gbeving@eskimo.com</a></td>
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<tr>
<td>2009–2011</td>
<td>Membership</td>
<td>Kelly Powers</td>
<td><a href="mailto:membership@seattlelwv.org">membership@seattlelwv.org</a></td>
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<tr>
<td>2009–2011</td>
<td>Director</td>
<td>Christal Wood</td>
<td><a href="mailto:gimme_steam@hotmail.com">gimme_steam@hotmail.com</a></td>
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<tr>
<td>2009–2011</td>
<td>Public Relations</td>
<td>Jean Carlson</td>
<td><a href="mailto:jean.carlson@att.net">jean.carlson@att.net</a></td>
</tr>
<tr>
<td>2009–2011</td>
<td>Co-President</td>
<td>Denise D. Smith</td>
<td><a href="mailto:issaquahsmith@msn.com">issaquahsmith@msn.com</a></td>
</tr>
<tr>
<td>2009–2011</td>
<td>Co-President</td>
<td>Laura Weese</td>
<td><a href="mailto:laura899@earthlink.net">laura899@earthlink.net</a></td>
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<tr>
<td>2008–2010</td>
<td>Treasurer</td>
<td>Lucy Gaskill-Gaddis</td>
<td><a href="mailto:terrylucy2u@comcast.net">terrylucy2u@comcast.net</a></td>
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<tr>
<td>2009–2011</td>
<td>Secretary</td>
<td>Kris Bushley</td>
<td><a href="mailto:abushley@earthlink.net">abushley@earthlink.net</a></td>
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<tr>
<td>2008-2010</td>
<td>Officer</td>
<td>Dorothy Y. Sale</td>
<td><a href="mailto:saledy@comcast.net">saledy@comcast.net</a></td>
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<tr>
<td>CIS Coordinator</td>
<td>Cynthia Howe</td>
<td><a href="mailto:howe.john@comcast.net">howe.john@comcast.net</a></td>
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<td><strong>Committees</strong></td>
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<tr>
<td>Civics Education</td>
<td>Dana Twilight</td>
<td><a href="mailto:dctwright@u.washington.edu">dctwright@u.washington.edu</a></td>
<td></td>
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<tr>
<td>Economics &amp; Taxation</td>
<td>Nora Leech</td>
<td><a href="mailto:nleech2002@yahoo.com">nleech2002@yahoo.com</a></td>
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<tr>
<td>Education</td>
<td>Lucy Gaskill-Gaddis</td>
<td><a href="mailto:terrylucy2u@comcast.net">terrylucy2u@comcast.net</a></td>
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<tr>
<td>Social Justice Committee</td>
<td>Vanessa Power</td>
<td><a href="mailto:vanessa.power@gmail.com">vanessa.power@gmail.com</a></td>
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<tr>
<td>Immigration Study</td>
<td>Barbara Reid</td>
<td>barber <a href="mailto:Reid@gmail.com">Reid@gmail.com</a></td>
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<tr>
<td>International Relations</td>
<td>Ellen Berg</td>
<td><a href="mailto:ellenberg@msn.com">ellenberg@msn.com</a></td>
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<tr>
<td>Land Use</td>
<td>Karen Kane</td>
<td><a href="mailto:kanek@opener.net">kanek@opener.net</a></td>
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<td>Transportation</td>
<td>Janet Winans</td>
<td><a href="mailto:janetwinans@earthlink.net">janetwinans@earthlink.net</a></td>
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<tr>
<td>Port Study</td>
<td>Linda Brown</td>
<td><a href="mailto:brownlj@comcast.net">brownlj@comcast.net</a></td>
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<td><a href="mailto:nleech2002@yahoo.com">nleech2002@yahoo.com</a></td>
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</table>
SEPTEMBER FORUM
PRIVATIZATION

Featuring

➢ Bob Williams, Evergreen Freedom Foundation
➢ Gary Chamberlain, PhD, Theology and Religious Studies
  Professor, Seattle University
➢ Don Comstock, PhD, Core Faculty with the Center for
  Creative Change, Antioch University
➢ Saroja Reddy, Policy Staff Director, King County

Thursday, September 10, 2009
7:30-9:00 p.m. (Discussion Leader briefing at 6:30 p.m.)
Seattle First Baptist Church - 1111 Harvard Avenue (Harvard & Seneca)

All forums are free and open to the public.

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