



League of Women Voters of Central Vermont

# *Bulletin*

Winter 2011

Happy Holidays! We can't believe it's almost 2012! We're committed to another year of growing the League, registering voters, advocating for civics education and democracy! Please join us in these endeavors!

It's been a rather busy fall for the Central Vermont League of Women Voters. These are the highlights of our recent activities:

Kate Rader attended the Quad States Membership and Leadership Development (MLD) Initiative Training in Wells, Maine, and we had our first MLD local League conference call with Anne Schink, our coach from the League of Women Voters of Maine. We'll have our next call on January 4 and monthly thereafter.

Nancy Lynch and Gia Biden participated in the New State Coach Orientation webinar presented by the LWVUS Support Team, since they were unable to attend the MLD training. Nancy and Gia are part of the Local Leadership Team, but were invited to join the state coach orientation. The webinar was led by Kelly Stratman and Carolyn Reimers. They emphasized that state coaches and local leaders must provide mentoring, accountability, motivation and good communication. They also stressed the importance of being a welcoming League – something we are committed to.

Our local League participated in the LWVUS' study of the role of the federal government in public education. We had a rich two-day discussion as we worked through our answers to the consensus questions. We enjoyed learning about this issue and the process of answering the questions, which were not always easy. We were glad to have the opportunity to examine this issue in depth and we encourage all of our members to look at the study documents on the LWVUS website to learn more about the history of education funding and the development/adoption of common core standards. It's very interesting. Thank you to all of our members who participated. Your input really made these evenings worthwhile. We're looking forward to the evening in 2012 when we discuss the privatization study, which examined the transfer of government functions to the private sector.

Kate Rader and Nancy Lynch attended/tabled the Toxics Action Conference.

Kate Rader, Nancy Lynch and Gia Biden attended/tabled U.S. Senator Leahy's 15<sup>th</sup> Annual Women's Economic Development Conference. We were impressed and inspired by Supreme Court Justice Sonia Sotomayor, who was honest, sincere, conversational and down-to-Earth. She shared stories about her childhood ambition to become a lawyer; her close relationship to her mother and grandmother and their influence on her; her success at Princeton undergrad and Yale law school; the obstacles that she faced and overcame; and the values that she holds dear. It was a privilege to hear her speak and we are thankful to Senator Leahy for inviting her.

Please mark your calendars for Wednesday, February 22<sup>nd</sup> – the League's Legislative Day at the Statehouse. We'd like to have a good showing so that we can take advantage of the opportunity to educate lawmakers about our policy positions and the bills that we care about.

In celebration of democracy,

Nancy Lynch & Gia Biden

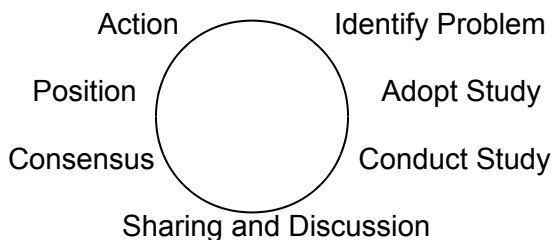
## Consensus: Linchpin of League Program

*With two national and one state League study underway, it seems a good time to reprint this article.*

Several years ago, a national poll showed that the LWV was judged for trustworthiness only below the National Heart Association.

That credibility comes from how the League works – how it arrives at its lobbying (action) positions. However, not everyone understands just what the process is, and new members, especially, need an explanation of how the League works. Below is a brief review, which we hope will demonstrate how important member participation is.

The process:



The League “program” (issues chosen for study and action) is adopted by the membership at the local annual meeting and at biennial state and national conventions. There are local program planning meetings at each level in advance to determine the will of the membership and to guide the leadership in recommending programs.

Upon adoption of the program, study/action committees are self-selected. After several months of study by interested members, findings are presented and discussed by the general membership and consensus is (or is not) reached. *Consensus is a process which aims at arriving at some general agreement through group discussion.* It is not determined by a simple majority, nor is it unanimity, but an overall sense of the group.

A position statement is drawn up on the basis of consensus, and is in turn the basis for League action.

It is because League positions are based on research, discussion, and critical examination by the membership that the LWV has such credibility when it takes political or educational action.

The process is the same for every level of the league: information is presented to local units which then take consensus. Results from all over the state or country are then tabulated to develop a position at the study level. Local action may be taken under state or national positions. Members or local Leagues need not agree with a state or national position, but may not take action as a League (or League mem-ber) in opposition to it.

It is easy to get the impression that the study (or research) portion of the program is the most important part. But as you can see for the chart, there is much more involved. Up to this point, except for adoption at the annual meeting, only a relatively small group of league members have been involved. But the work is only half finished.

All members now have a chance to participate in a study through consensus. Consensus questions should elicit responses that will give the League the basis for an action position. Information is provided, through the newsletter and/or at a consensus, to allow members to give informed responses. Without broad participation in consensus, a study is of benefit only to those who conducted it. A handful of people cannot presume to speak for the League membership on controversial issues. Without a position backed by research and the informed opinion of the membership, no action can be taken.

You joined the League because you believe in its mission as a force for political action and voter service. We recognize that not everyone has time for active involvement in League program. But please make a commitment to come to consensus meetings – two or three hours out of 365 days in the study year. The life of the League depends on it.

## MA Leaguer Wins Quilt Raffle

[photo deleted]

*Marilyn Ellsworth, active League member (and quilter) in Sudbury, MA, is winner of this year's raffle quilt. "It's beautiful! I still can't believe that I won this wonderful creation. Thanks to all of the great quilters, and just know that I'll always treasure this. It made my Thanksgiving very special," Ellsworth wrote by e-mail.*

## One LWVUS Study Reaches Culmination...

Seven members, including one returning and one new member, participated in a two-meeting discussion of the issues around the role of the federal government in public education.

The results of our discussion were sent to the LWVUS, where the results from such meetings around the country will be combined, and if consensus is reached, a new advocacy position will be formulated and adopted by convention in June.

## ...And a Second Continues

Information from the Privatization Study is now available below, in the state newsletter, and on the LWVUS website at

<http://www.lvw.org/member-resources/privatization>.

More information, from members around the country, is available on the privatization listserve. To join the list, from the LWVUS website home page, click on login, register or type in your e-mail address and password (if you have not provided your e-mail address for the roster, this won't work). This brings you to your own "account." On the left, click on "League-sponsored e-mail lists," and then check off the lists you would like to join.

## Flow Scheduled for March Showing

The LWVCEN will sponsor a public showing of the film *Flow* on Thursday, March 22. The venue for the event is still to be determined. Watch the League website ([www.lwvofvt.org](http://www.lwvofvt.org)) for information about this event.

Irena Salina's award-winning documentary investigation into what experts label the most important political and environmental issue of the 21st Century - The World Water Crisis.

Salina builds a case against the growing privatization of the world's dwindling fresh water supply with an unflinching focus on politics, pollution, human rights, and the emergence of a domineering world water cartel.

Interviews with scientists and activists intelligently reveal the rapidly building crisis, at both the global and human scale, and the film introduces many of the governmental and corporate culprits behind the water grab, while begging the question "CAN ANYONE REALLY OWN WATER?"

Beyond identifying the problem, *Flow* also gives viewers a look at the people and institutions providing practical solutions to the water crisis and those developing new technologies, which are fast becoming blueprints for a successful global and economic turnaround.

*"An astonishingly wide-ranging film. An informed and heartfelt examination of the tug of war between public health and private interests."*

- New York Times

*"Lively and engaging...Smartly Done"- Los Angeles Times*

# Privatization of a Publicly Owned Waste Water Treatment Plant

By Ted Volskay

## BACKGROUND

Since 1972, the U.S. Environmental Protection Agency (EPA) Construction Grants Program has invested more than \$67 billion in federal funds into publicly owned (wastewater) treatment works (POTW) throughout the country. Congress initiated the phase out of the Construction Grants Program in 1987 and replaced it with the Clean Water State Revolving Fund (SRF) program which provides low-interest loans to communities for the construction of infrastructure projects involving water pollution control. On April 30, 1992, President George H.W. Bush signed Executive Order 12803, directing federal agencies to remove regulatory or procedural barriers to privatizing wastewater POTWs under their control. In addition, Executive Order 12803 required that privatized federally funded POTWs continue to serve their original purposes.<sup>1</sup>

The first privatization agreement of a POTW under Executive Order 12803 was approved on July 21, 1995, when a private contractor purchased the Franklin, Ohio, POTW for \$6.85 million. The Miami Conservancy District owned and operated the wastewater treatment plant that served the residents of the cities of Franklin (Warren Co.), German-town and Carlisle (Montgomery Co.), Ohio. The combined population of the three cities was approximately 22,000.<sup>2</sup> The contractor that had operated the Franklin Plant under contract since 1987 offered to purchase the POTW in 1992. The transaction took two years of negotiation between the Miami Conservancy District, which owned the POTW, and the private contractor. Subsequent to the negotiations was an eight-month state approval process, followed by a four-month federal (EPA and Office of Management and Budget) approval process. The Office of Management and Budget had to agree to the negotiated transfer price since the sale of assets was not competitively bid.<sup>3</sup> When agreement was reached on the terms, the City of Franklin, Ohio, became the first municipality in the nation to sell the public asset of a POTW that had been constructed with federal grant funds and enter into a public/private partnership agreement with the new owner.

### **Privatization Case Study: Franklin, Ohio, Wastewater Treatment Plant**

**Governmental Level: City (Franklin, Ohio) and County (Warren and Montgomery Counties)**

**Primary Privatization Mechanism: Asset Purchase and Operation**

The Franklin POTW was accepted by the EPA as a privatization pilot project. Planning and negotiations between Franklin officials and the prospective buyer began in the summer of 1994. On July 14, 1995, the City of Franklin received word that the EPA had completed its final review and authorized sale of the POTW. The transaction was completed within two weeks and the contractor that operated the plant since 1987 purchased the POTW in July 1995 for \$6.8 million.<sup>4</sup>

Key to the success of this privatization initiative was 16 months of extensive planning and negotiations. A 20-year service agreement was signed that addresses the following key provisions:<sup>5</sup> Unit rates the city will pay for sewage treatment; Acceptable conditions for rate increases; Operation and maintenance standards; Allocation of environmental liability; Protocol for prompt conflict resolution; and Renewal of the 20-year contract.

The three most pertinent fiscal considerations were the:<sup>6</sup> Initial sale price of the plant; Annual rate and the amount and timing of any increases to the rate; and Repurchase price of the plant at the end of the 20-year contract or, as a contingency, repurchase of the plant prior to that date.

A consultant with privatization experience was hired to advise and work with the three city managers during the evaluation and negotiation phase. An advisory board was established to represent the interest of the three cities and two counties, and to provide one voice for the buyer to negotiate with.<sup>7</sup> A matrix was devised that compared economic and noneconomic impacts of three alternatives:<sup>8</sup> Alternative 1 - maintaining public ownership of the plant; Alternative 2 - creating a regional sewer district; and Alternative 3 - privatization.

The Miami Conservancy District retained ownership of the wastewater collection system that directs sewage to the POTW and a small part of the treatment process so that the treatment system could maintain the *publicly owned treatment works* classification and avoid the more stringent and costly requirements that would otherwise be invoked under the *Resource Conservation and Recovery Act* (RCRA). Similarly, the Ohio Environmental Protection Agency

listed both the contractor and the Miami Conservancy District as being responsible for meeting POTW discharge requirements.<sup>9</sup>

A 20-year agreement was signed that made the private contractor responsible for:<sup>10</sup> Financing all plant upgrades and expansions; Operation and maintenance of the Wastewater Treatment Plant (WWTP); Administration of the municipal industrial pretreatment program. The agreement gave the Miami Conservancy District the option to repurchase the POTW at the end of the 20-year term.<sup>11</sup> In addition, all plant personnel were retained under the contract.<sup>12</sup>

The city of Franklin's rates for wastewater disposal were reduced by 23 percent during the first year of the contract and, with the exception of energy and chemical costs, future rate increases were limited to increases in the rate of inflation.<sup>13</sup>

The pace of economic development in the area increased after sale of the treatment plant. Stabilized wastewater treatment fees were reportedly a primary incentive for expanding operations of three area paper industries and a subsequent increase in jobs. Increased economic development was closely followed by an expansion of the water distribution system from approximately 4 million gallons per day (gpd) to 10 million gpd.<sup>14</sup>

The City of Franklin, Ohio, entered into its second public/private partnership on November 1, 1997, when it opened a new 5-million-gallon-per-day water supply treatment plant that was designed, built and financed, and is now operated by a private contractor.<sup>15</sup>

## THINGS TO CONSIDER

The EPA must review and approve all proposals to sell POTW assets when Federal grants have been used to construct the treatment works.<sup>16</sup> In addition to the EPA, the Office of Management and Budget (OMB) must also review and approve the sale of POTW assets constructed using Federal grants if the transaction price is not established using a full and open competitive bidding process.<sup>17</sup> POTWs constructed solely using state revolving loans or local funding may be sold without EPA review or approval.<sup>18</sup> EPA review and approval is not required when POTW operations are privatized (subcontracted to a private entity), even if the POTW was constructed using Federal construction grants.<sup>19</sup>

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### ENDNOTES

1. EPA-832-B-00-002. Guidance on the Privatization of Federally Funded Wastewater Treatment Works; Aug. 2000.
2. Samuel L. Coxson, "Privatizing wastewater treatment in Franklin, Ohio," *Government Finance Review* accessed May 2011, <http://www.allbusiness.com/finance-insurance/543487-1.html>.
3. EPA 832-R-97-001a. *Response to Congress on Privatization of Wastewater Facilities*, U.S. Environmental Protection Agency Office of Water, July 1997. <http://nepis.epa.gov/Exe/ZyPURL.cgi?Dockey=20002990.txt>
- 4, 5, 6, 7, 8. See endnote 2 here and for following endnotes (5-8).
9. Roger F. Wakeman, P.E., "Municipal Wastewater Privatization: An Alternative with Solutions for Infrastructure Development, Environmental Compliance, and Improved Efficiency," Masters Project, Old Dominion University Department of Civil and Environmental Engineering, June 15, 1998. [Municipal Wastewater Privatization: An Alternative with Solutions for Infrastructure Development, Environmental Compliance, and Improved Efficiency](#)
- 10, 11. See endnote 4.
12. See endnote 3.
13. Dana Evans Voight, P.E., *Engineering Considerations for Privatizing Water and Wastewater Utility Systems*. Master of Science Thesis, Department of Civil and Environmental Engineering, The Florida State University, FAMU-FSU College of Engineering, 2009. [Title page for ETD etd-11042009-182807](#)
14. Arndt, Randy, "Wastewater deal yields profit and innovation for Franklin, Ohio," *The Free Library*, 22 January 1996. 14 May 2011. [http://www.thefreelibrary.com/Wastewater deal yields profit and innovation for Franklin, Ohio.-a017903809](http://www.thefreelibrary.com/Wastewater+deal+yields+profit+and+innovation+for+Franklin,+Ohio.-a017903809).
15. <http://www.franklinohio.org/community/privatization.asp>
- 16, 17, 18, 19. See endnote 1.

**LWVCEN 2011/12 Calendar**  
**(Public events are in boldface)**

January

Wednesday 11 LWVCEN Board meeting and National Program Planning, home of Hedi Ballantyne, 20 Kent Street, Montpelier. All members are encouraged to attend.

February

Tuesday 14 **92<sup>nd</sup> Anniversary of the Founding of the League of Women Voters**

Wednesday 22 All Day – LWVVT Legislative Day, the State House, Montpelier

March

Tuesday 5 Town Meeting Day

Thursday 22 **Showing of the documentary *Flow*, location TBA**