

Virginia Town & City

Legislative Report Inside

Volume 20
Number 3
March 1985

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Editorial Assistant

Joni Terry

Advertising Assistant

Mary Ann Cornell

Circulation Manager

Kathy McIntyre

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4 **People**

5 **Virginia Resources Authority Issues Bonds**

By Christy Everson and Katherine Tracy

8 **Privatization**

By Kevin G. Quinn

11 **Call for Entries . . . VML's 1984 Achievement Awards Program**

Center Insert

VML's Legislative Report

13 **Thirteen East Franklin**

By Christy Everson

16 **Auditor's Report Reveals Potential Harm of Federal Budget Cuts**

By Mary Jo Fields

18 **Strategic Planning Survey Will Direct League**

By Christy Everson

22 **Marketplace**

23 **Commentary: Ethics and the Public Official**

By Carol Amato

On the Cover

This Greek Revival townhouse will soon become the new headquarters of the Virginia Municipal League. Located at 13 East Franklin St., VML's new home fulfills all the wishes on VML's building "wish list." Read about it on page 13 of this issue of Virginia Town & City.

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People

Martinsville, Luray Appoint Managers

Donald A. Smith, previously town manager of Luray, is the new assistant town manager of Warrenton. Smith, 53, had served as Luray's town manager since December 1975. Earlier in his career he had been an assistant town manager and manager of Vinton.

George Brown has been appointed city manager of Martinsville. He had been serving as Martinsville's acting city manager since January when Don Edmonds resigned. Brown, 57, holds an engineering degree from Virginia Polytechnic Institute and State University and has served the city in various capacities since his employment in 1951 as city engineer. He was assistant city manager and director of public works before becoming acting city manager.

Pioneer Manager Dies in Richmond

One of the first city managers in the nation, **Henry Alexander Yancey**, recently died in Richmond at the age of 89.

Yancey was a native of Waynesboro and a civil engineer. He was working as Charlottesville's director of public works in 1925 when he was hired as that city's manager. Charlottesville followed Staunton's lead in hiring a professional to run its day-to-day activities.

After seven years in Charlottesville, he became city manager of Petersburg and remained there until 1935 when he began a notable career in North Carolina.

From 1935 to 1943 he served as city manager of Durham, and from 1943 to 1946 he was manager of Greensboro. He served as manager of Charlotte from 1946 until his retirement in 1959.

Yancey was a member of the American Society of Civil Engineers and the North Carolina Society of Civil Engineers, past president of the City Managers Association of North Carolina and past vice president of the International City Managers Association. He had moved to Richmond last year.

Fairfax County Honors Employees

Fairfax County's board of supervisors has honored four county government employees for outstanding performance

by presenting them with the highest honor the county bestows on its employees.

Larry Clark, **Joe B. McLemore**, **R. Barry Thompson** and **Deborah Whitt** were selected by a citizen committee to receive the A. Heath Onthank Award, named for the first chairman of the Fairfax County Civil Service Commission.

Clark, master police officer, Mason District Police Station, helped to increase the number of neighborhood watch programs in his district from 60 to 110. The crime rate has decreased dramatically thanks to citizen participation in the program, which has allowed the force to operate more efficiently and cost-effectively.

McLemore, assistant building supervisor, McLean High School, was honored for his work on the Area III Custodian Committee. He was instrumental in launching a newsletter and in organizing a basketball team. His most outstanding project was a detailed, hardbound custodian yearbook to which he contributed a large amount of off-duty time and attention.

Thompson, deputy director, design review, put in 49 days of intense effort upon discovering 17 families caught in a dilemma when a developer stopped work on their houses just short of completion. Thompson coordinated work with county offices, public utilities, the Veteran's Administration and mortgage companies in addition to making hundreds of calls and numerous personal visits until the last of the families were settled into their new homes.

Whitt, systems analyst, research and statistics, combined her understanding of field inspection requirements and complex administrative procedures with her systems analysis skills to produce an automated inspection permit system which received national recognition.

Each of the award recipients was given a plaque and a \$2,000 cash award.

Belton Fills League Position

Byron B. Belton Jr. joined the VML staff on Feb. 11 as pressman/clerk. He replaced Robert E. Holmes who resigned after two years with the league.

Belton has nine years of experience in the printing field and was trained in his craft at the Richmond Technical Center. A native of Richmond, Belton, 27, and his wife, Yolanda, are the parents of one son, 20-month-old Byron B. Belton III.

Henneberry Hired In Alexandria

Paul D. Henneberry is the city of Alexandria's new deputy director of finance. Henneberry served as deputy comptroller of the U.S. Coast Guard for three years prior to accepting his new position. He holds a master's degree in financial management and has 14 years of experience in the financial field.

McLaren Takes Chesapeake Post

The city of Chesapeake has hired **Gary McLaren** as its new economic development director.

McLaren, 32, replaces P. Hunter Cox Jr. who resigned in November. He previously served as director of industrial development in Florence County, SC.

Fairfax County Appoints Granfield

Lt. Col. John E. Granfield has been appointed to serve as acting chief of police for Fairfax County. He will serve in the absence of Col. Carroll D. Buracker, chief of police since 1981, who has retired.

Granfield holds a bachelor's degree in public administration from George Mason University and joined the Fairfax County Police Department in 1969. Prior to his appointment he served as deputy chief of police for operations.

Former Mayor Dies

Harold A. Butterworth, former Hopewell mayor, has died.

Butterworth was appointed to city council in Hopewell in 1962 and was elected in 1964 and 1968 to four-year terms. After a two-year absence, he was re-elected to another four-year term in 1974 and completed 16 years of service to the city.

Send your "people news" to Virginia Town & City, P.O. Box 753, Richmond, VA 23206.

Virginia Resources Authority Issues Bonds

**By Christy Everson
and Katherine Tracy**

"To help local governments meet the challenge of providing adequate water and wastewater facilities, Virginia has taken the innovative approach of establishing the Virginia Water and Sewer Assistance Authority. The authority's program will help build a healthy environment and a strong base for future growth of industry and population."
Gov. Charles S. Robb

In May 1985, several Virginia local governments will receive funds totaling in excess of \$30 million to finance water and sewer projects. These will be the proceeds from the Virginia Resources Authority's (née Virginia Water and Sewer Assistance Authority) first bond sale.

Sometime in the fall, the authority will undertake its second bond sale as it attempts to assuage the commonwealth's water and wastewater treatment needs.

Members of the State Water Study Commission and other government officials, both state and local, have been aware for many years of the condition of the commonwealth's infrastructure. Aging distribution systems, outmoded sewage treatment facilities, deteriorating sewer pipes and inadequate water supply are apparent in many of Virginia's communities and attest to the growing need to assist localities in financing water and wastewater treatment projects.

The Department of Health and the State Water Control Board estimate that through the year 2000 Virginia's communities will need \$1.75 billion for water supply systems and \$2.1 billion for wastewater treatment plants, and these estimates are expected to be increased once 1984 survey information is tabulated. Years of underinvestment have taken their toll, and the need to accommodate new growth will press its demands. In addition, Congress, through the Clean Water Act, has demanded fishable, swimmable waters by July 1, 1988. The act also requires that publicly owned treatment works achieve secondary treatment of receiving stream standards. The act carries with it a national price tag of \$100 billion.

The needs of Virginia's water and sewer facilities vary from the modest request of a town in Southside Virginia for funds to replace the hood on a spiro-gester at the sewage treatment plant to the need of an urban county for \$100 million to build a new treatment plant. While the majority of projects needed in

Virginia involve more than a half million dollars, in many instances a few thousand dollars could make a difference in a community's quality of life or potential for economic growth.

In the past, water systems were funded from federal and state grants, state and local general obligation and limited obligation debt, property and utility taxes, sales contracts and user fees and charges. Today, the trend is toward shifting financial responsibility from taxpayers to system users. Meanwhile, federal funding for wastewater treatment is being phased out, and the Environmental Protection Agency has reduced its share of costs under the Construction Grants Program to 55 percent from 75 percent and eliminated grants for planning and design costs and for construction of future growth capacity.

As a result, various new funding approaches are being tested across the nation. Among these are the creation of "banks" to provide low cost loans, interest rate subsidies for taxable debt issued by states and localities, joint action water supply projects through inter-governmental efforts, divesting systems through the sale or transfer of ownership to independent authorities or through privatization and the creation of state water finance agencies to provide varying degrees of financial intermediation for local issuers.

In Virginia, the 1984 General Assembly created the Virginia Water and Sewer Assistance Authority which began operation this past July under the direction of Executive Director S. D. (Hap) Gardner Jr. Its purpose is "to encourage the investment of both public and private funds and to make loans and grants available to local governments to finance water and sewer projects." The name change to Virginia Resources Authority came during the 1985 session.

The authority is empowered to sell up to \$300 million in revenue bonds to support its program, and when this initial cap is reached, the authority will return to the General Assembly for approval of additional bond issues. The General

Assembly appropriated \$112,500 in start-up money and already several public hearings have been conducted around the state to acquaint officials and the public with the authority's operating procedures. One hearing, April 2 in Richmond, remains to be held.

Work is already underway on the authority's first two bond issues. Series A, the authority's initial series of bonds scheduled for issue in May, will finance water and sewer projects of local governments whose credit ratings are sufficient to enable the authority more readily to establish a market presence and acceptability at a financing cost acceptable to the authority. Participating local governments were required to have an A rating or better from either Standard & Poor's Corp. or Moody's Investors Service for their utility systems or general obligation indebtedness.

Series B is scheduled for issue in September or October 1985 and will be for localities lacking sufficient credit standing to be able to access capital markets without credit enhancements. They may be less than A rated or non-rated. Volume will be based on demand and projects will be selected on the basis of environmental and financial criteria. Applications for this issue will be taken in May, however, letters of request are accepted at any time.

The function of the authority is to provide credit assistance to local governments through a central borrowing agency. The focus is to achieve economies in marketing of local government securities by pooling their relatively unknown credits into a large bond issue designed to reach a national market.

Obligations of the authority do not constitute a pledge of the full faith and credit of the commonwealth but rather the moral obligation of the commonwealth, and legislation establishes a mechanism for the state to provide appropriations on an annual basis to make up for any shortfall in capital reserve funds created to secure outstanding loans. The authority's bonds are payable in the first instance by the user fees of the participating localities, and local governments are obligated to the authority to the extent of their borrowing.

The authority is governed by a board of directors which includes Edwin Joseph, Hampton, chairman; J. Lewis Rawls Jr., Suffolk, vice chairman; Robert H. Callis Jr., Virginia Beach; Richard D. Collins, Richmond; Eugene S. Hearl, Grundy; and Patricia C. Watt, McLean. Ex-officio members of the board include C. J. Boehm, state treasurer; Richard N. Burton, executive director of the State Water Control Board; and James B. Kenley, state health commissioner.

The national investment banking firm, Kidder, Peabody & Co. Inc., serves as financial advisor to the authority and formulates rules and regulations for the

selection of projects for each bond issue. Intended bond issues will be announced in the Virginia Register and through public advertising and mailouts.

A citizens advisory subcommittee was formed in January 1985 to provide additional input to the authority on localities' needs. Representatives from several statewide organizations, including the Virginia Municipal League, serve on the subcommittee and meet regularly to advise the authority. Chincoteague Mayor Anthony Stasio represents VML on this subcommittee.

Other organizations represented on the subcommittee include the Virginia Association of Counties, the Consulting Engineers Council of Virginia, the Department of Health, the Department of Housing & Community Development, the Economic Development Administration, the Farmers Home Administration, the State Water Control Board, the Virginia Association of Planning District Commissions, the Virginia Governmental Finance Officers Association, the Virginia Society of Professional Engineers and the Virginia Water Project Inc.

The authority is working closely with other agencies, both state and federal, to ensure that money loaned by the authority is put to the best use. Some of these agencies include the Department of Housing and Urban Development, the Environmental Protection Agency and the U.S. Soil Conservation Service. In addition, the authority is participating in Gov. Robb's Chesapeake Bay Initiatives. Funds have been made available through the initiatives to assist in areas such as infiltration, inflow abatement and dechlorination. Initiative money cannot be used in meeting local share of construction costs under EPA, and when initiative money is granted, localities must supply 45 percent in matching funds.

The authority plans to issue bonds once or perhaps twice a year if time allows. While the authority cannot solve all water and sewer infrastructure problems in the commonwealth, it will serve to lessen the burden on local governments as it provides assistance in meeting safe water requirements and economic growth needs through its loan programs.

For more information about the authority, call or write Shockley D. Gardner Jr., Executive Director, Virginia Water and Sewer Assistance Authority, P.O. Box 1300, Richmond, VA 23210; (804) 788-8174.

About the Authors

Christy Everson is director of communications for the Virginia Municipal League and editor of VIRGINIA TOWN & CITY. Katherine Tracy is administrative assistant for the Virginia Water and Sewer Assistance Authority.



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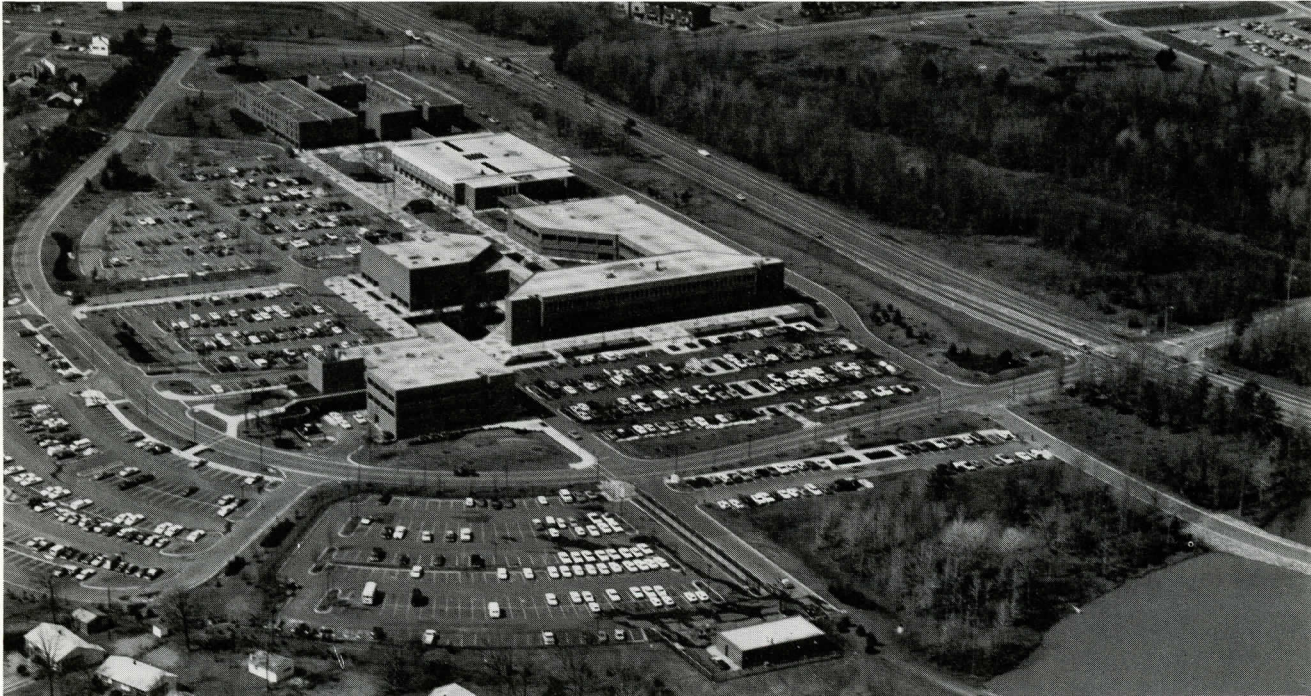
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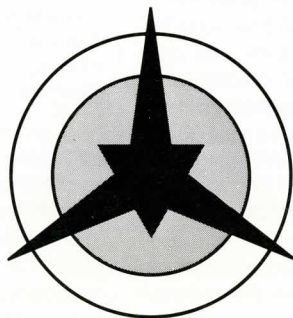
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Privatization

By Kevin G. Quinn

"Under the appropriate circumstances, privatization can be the most cost effective method available to government for providing public services."

The high cost of construction, capital and professional services for public facilities in recent years has caused state and local officials to explore the variety of new financing alternatives to fixed rate general obligation bonds. Variable rate tax-exempt debt, taxable and tax-exempt leases, lease-purchase obligations, short term financing designed to enhance arbitrage income, bond bank and other forms of pooled revenue bond financing, and privatization are being used in some localities and closely examined in others. Of all of these, privatization is perhaps the most unconventional and complicated and the most difficult to evaluate in terms of risk and reward.

Privatization involves the investment in and the ownership and operation of public facilities by private business. Typically, a combination of equity capital and tax-exempt debt serve as a source of funds for these projects.

The difficulty of determining the suitability of privatization for a particular project is partially due to its novelty as a financing and operating vehicle for certain types of capital projects. The concepts of private ownership, operation and financing that underlie privatization have long been accepted in areas of transportation, communication, solid waste disposal and public power within the United States. However, state and local government and the financial community have only recently begun to examine this financing and operating technique in areas of water supply,

wastewater treatment, education and criminal correction.

Evaluating privatization is also difficult because of the web of financial, legal, political, technological and operational considerations involved in the development and operation of public facilities by private firms.

Financial Considerations

The financial aspects of privatization are the most compelling. A properly structured privatization transaction can generate cost savings for the public ranging from 15 percent to 40 percent of the cost of a comparable project financed and owned directly by the state or local government. Not all capital projects, however, are financially suitable candidates for privatization.

The primary advantage of privatization is the ability of private investors to realize substantial federal and state income tax benefits not directly available to government and to share those benefits with the government in developing a price for construction and operation of the facility. These benefits include depreciation, investment tax credits, energy tax credits, rehabilitation tax credits, debt service expense and other expenses incurred in construction, operation and maintenance. The size of these benefits can be magnified for the mutual benefit of the investors and the public through the use of tax-exempt or taxable debt. Realization of these benefits requires careful and detailed finan-

cial and legal consultation as recent tax legislation substantially limits privatization transactions designed primarily for the transfer of tax benefits.

Tax Limitations

Both the Tax Equity and Fiscal Responsibility Act of 1983 (TEFRA) and the Tax Reform Act of 1984 (TRA) impose numerous obstacles to transactions between public and private entities premised solely on the transfer of tax benefits. Nonetheless, privatization transactions in which a private firm actively and continuously provides a service to state and local government continue to be viable if properly structured.

Several major tax-related constraints to structuring viable privatization transactions exist. The determination that a transaction is a lease will generally result in the private firm's loss of any investment or energy tax credit as well as loss or substantial reduction of depreciation claimed under ACRS. Thus in privatization transactions in which public and private parties desire to optimize tax benefits, it is essential to avoid a transaction structure which could be characterized by the Internal Revenue Service as a lease.

If on the other hand investors form a company to own and operate a facility or provide a service to the public sector under a service agreement, the investors can claim the most favorable depreciation and tax credits for property used in connection with the service agreement. TRA outlines the standards to



The Southwest Resource Recovery Facility, a recently completed privatization project constructed in Baltimore, burns 2,000 tons of garbage a day converting the waste into steam, electricity and other usable material.

consider in structuring a true service agreement arrangement.

Even if an arrangement qualifies as a service agreement, the tax benefits allowable to investors are limited by the "at-risk" rules introduced with the adoption of TEFRA. These rules generally limit a taxpayer's deductions and tax credits to the amount of his economic risk. The consequent exposure of investors to the cost of financing a privatization project may discourage individual investment. Corporations whose stock is widely held are not subject to the "at risk" rules, therefore the market for equity investment in privatization transactions will for the meantime be largely institutional.

Consequently, in evaluating a project for privatization potential, it is useful to identify the degree of interest the project might draw. Today, solid waste/resource recovery facilities and wastewater treatment facilities are particularly attractive to engineering, construction and investment firms as privatization candidates.

The availability of industrial revenue bond financing will be a key consideration in the success or failure of a privatization transaction. Most facilities qualify for general obligation or revenue bond financing if owned and operated directly by the local government, and it is important in developing a competitive financing alternative that the availability of tax-exempt financing for the project be preserved.

While most privatization projects qualify under federal, state and local

rules for IDB financing, the limited availability of such financing as a result of the "volume cap" contained in TRA may substantially delay or deter such projects. The volume cap limits each state to a specific amount of tax-exempt financing equal to the greater of \$150 (\$100 starting in 1986) multiplied by the population of the state, or \$200 million.

Given these tax benefits and limitations, the best privatization projects are equipment intensive rather than structure intensive, involve new construction or facilities, can be operated as an enterprise separate and distinct from related facilities of the community and qualify for tax-exempt financing.

Construction Cost and Time Efficiencies

In the development and construction of a public service facility, government often faces numerous restrictions and obstacles which could be avoided by having a private entity build the same facility for private ownership and operation. These restrictions and obstacles, though well-meaning in most cases, have the effect of significantly increasing a project's cost. They include the following:

- voter approval of the project, of the location of the project and of the financing of the project;
- public procurement requirements for designers, architects, engineers, builders and contractors;
- laws requiring the use of union labor; and

- laws and regulations which impose excessive quality standards, engineering and redundancy.

To the extent that a particular facility can be built by a private owner/operator in a manner which avoids many of the above obstacles, the facility may be a good candidate for privatization.

Vendor cost allowances. Frequently, vendors are willing to participate as partners in projects being developed and built with their services, materials or equipment. Such vendors can include designers, architects, engineers, contractors, builders and equipment manufacturing concerns. Because vendors often realize tax benefits and long term cash flow through an ownership position, they are often willing to reduce the price of their product or service to the project, thus helping to reduce overall project cost.

Operating cost efficiencies. Private owners of a facility have a clear incentive to operate efficiently — profit. The concept of operating within a clearly defined budget, a function of facility revenues, operating costs and targeted return on investment, is difficult for many public entities because of the wide variety of subsidies and financial disincentives which they face.

A private entity operating a facility under a service agreement for a community will undoubtedly be locked into a negotiated and relatively fixed revenue stream coming from the project and will have to control costs in order to achieve

operating efficiency and profitability. This can be accomplished through worker incentives, more effective management and supervision, and economies of scale in materials cost and labor. To the extent that a private entity operates a facility more efficiently over time, the consumer should be able to realize a portion of the resulting economic benefit in the form of lower user charges.

Preservation of debt capacity. The substantial proliferation of infrastructure financing needs is already testing the debt capacity of many governments throughout the United States. The general cost of employing management, staff and labor to supervise procurement for and operation of many public facilities exacerbates the financial burden of the facilities. Through privatization, a community can relieve itself of the fiscal burden of financing the construction, operation and maintenance of such facilities. In addition, service charges for the private operation of the facility can be passed on to the consumer by direct billing or included in general property or user taxes.

Design and specification efficiencies. Another major theme of privatization is the sizing and design of facilities in close conformity with the current needs and financial abilities of the community. This goal can be achieved in part by identifying those needs in a request for proposal and permitting a private firm to use its resources and creativity to develop the most cost efficient project design and specifications.

Legal Considerations

The major obstacles to implementing privatization projects are generally procurement laws and political resistance to the concept. Under many state and local government contract regulations, negotiated or long-term operating constraints are not allowed, and general advertising of projects and competitive bids are required. Such requirements often thwart or frustrate the use of discretion and subjective judgment in selecting the firm or firms best qualified to service the community.

Because of the unique nature of many privatization projects, negotiated, exigency or sole-source provisions in such regulations can sometimes be interpreted to permit exceptions for privatization projects. To the extent that procurement laws are sufficiently flexible to permit the selection of qualified and competent firms through a negotiated process, it is essential that the public entity have a well defined selection process.

Requests for qualifications and requests for proposals are an essential component of this process. In particular, the RFP should be detailed in its de-

scription of the project, the scope of services to be provided, the performance standards of the community and the extent of financial commitment required for the project.

In pursuing a privatization project, government officials are well advised to involve competent financial, legal, tax and technical advisors at an early stage to assist in the development of project RFQs and RFPs, the selection of a proposed owner/operator, the negotiation of the terms of the transaction and the establishment of "benchmark" construction and operating costs against which to compare the proposals of private firms.

Other major legal considerations in evaluating privatization candidates include the extent of present or future public sector regulation of the facility, the availability of permits to a private firm necessary to own and operate the facility and the impact of privatizing the facility on existing contractual relationships.

Political Considerations

In addition to loss of operating control over a facility, there is often public resistance to privatization projects for economic, health and general welfare reasons. One frequent contention is that under a privatization arrangement, the public faces the prospect of paying for a facility twice, first through service charges and again at the expiration of the service agreement when it exercises its option to purchase the facility. (Under tax laws, if the facility were to be repurchased, it would have to be at a price equaling fair market value.)

Other concerns are the ability of a private owner/operator to pass operation and maintenance expenses through to the public in its service charges and the government's ability to regulate such variable expenses. A third consideration is the impact of private ownership and operation on the general health and welfare of the community.

The development of satisfactory answers to such considerations is often essential to commencing the privatization process. A thorough investigation of health risks, potential political problems and "hidden costs" as well as methods for insuring or avoiding such concerns should always be conducted in advance of undertaking a privatization project. If the community is committed to privatization of a facility, such concerns are often best handled on a negotiated basis between the public entity which will regulate the privatized facility and the private owner/operator. It should be noted that while public commissions have traditionally been created to monitor and regulate certain public facilities, negotiate variable costs on behalf of the

community and conduct public hearings and audits, this type of regulatory format can significantly erode the time and cost savings inherent in privatizing a facility or system.

Technological Factors

Projects and facilities that have proven technologies and operating systems are generally more attractive privatization candidates due to the ease with which their financing can be obtained. For many years, resource recovery facilities were the subject of widespread skepticism because of the failure of several such projects built in the 1970s to operate properly. Such skepticism made it extremely difficult to structure viable financings for this type of project.

The improved track record of such facilities in the 1980s has helped significantly in terms of attracting private equity and debt financing. On the other hand, private ownership and operation of correctional facilities is a relatively novel concept for which there is relatively little experience. It will take several years to definitely assess the ability of the private sector to successfully manage and operate such facilities.

Conversely, the privatization of projects incorporating more advanced technologies may be more attractive under certain circumstances than conventional forms of financing and operation. In one recent example, a firm which developed an advanced wastewater treatment technology and produced some of the equipment employed has offered a privatization arrangement which includes certain operating guarantees. From the standpoint of the government involved, the reduction in risk for such advanced technologies (due to the operation guarantees) is as important as the reduction in cost.

In general, if the facility involved is in an area of proven technology, it is advisable to select a firm that is a leader or innovator in such technology and which is willing to share with the public economies realized through future innovation and technological improvements.

Operational Considerations

Facilities which are labor intensive, require sophisticated management and staff, or offer substantial economies of scale to a private firm already operating similar facilities are good privatization candidates from an operational perspective. The major corporate sponsor(s) of the private owner/operator of the facility should always be willing to guarantee the operation of the facility to specified standards. The service contract between the community and the

continued on page 22

..... **achievement** (ə chēv'
mənt) [OFr. *achever*, to finish]

— *n.* 1. the act of achieving; the performance of an action 2. a thing achieved, esp. by skill, work, courage, etc.; a successful accomplishment 3. a great or heroic deed; a feat; something accomplished by valor or boldness....

award (ə wôrd') — *vt.* 1. to give as a result of judging; to grant or declare as merited or due; to bestow for performance or quality; to assign as the result of careful consideration, as to competitors in any contest — *n.* 1. a judgement, or decision 2. something awarded, a prize.... **call for entries**.....

..... **The 1985 Virginia Municipal
League Achievement Awards
Program**.....

Richmond. . . The Virginia Municipal League announced today the opening of its **1985 Achievement Awards Competition** and all VML local governments are urged to enter.

Has your locality successfully completed a program or project this year? Then you could be a winner in the 1985 VML Achievement Awards Competition. It doesn't matter if you represent a small town or a large city or county. There are categories for each, and it's quality the judges will be looking for. Twelve awards will be offered, so start working on your entry now.

What has your locality accomplished this year? Why not tell us about it?

Purpose. . . The goal of the annual VML Achievement Awards Program is to recognize and encourage innovation and excellence in local government in Virginia. The program provides the opportunity for VML member governments and their officials and employees to receive deserved recognition by their peers and various publics for superior and innovative efforts in the profession of local government. In addition, the program provides a means of sharing the best public service ideas in Virginia, a forum whereby all those in local government can learn. And, we hope by sharing our winning entries with the public that we are building an image of Virginia's local governments, their officials and their employees as being competent and caring.

Basic qualifications. . . A locality must be a member of the Virginia Municipal League to enter the competition. Entries must describe programs or projects brought to conclusion or showing significant results between January 1, 1984 and April 30, 1985. Each entry must have a cover page bearing the project or program title, the category of entry, the locality's name

and the signature of the chief elected official. All entries must be typed double spaced and should not exceed eight pages. Black and white photos, art, news clippings, tables or charts, etc. may be attached as an appendix. Three complete copies of each entry must be submitted.

Presentation. . . Although the presentation of your entry will not be the most important consideration of the judges, it will count. Therefore, your entry should have a neat appearance and should be clearly written. We suggest an introduction to include background information such as the need for your project or program, the origination of your project or program, a statement of your objectives or goals and other pertinent information. The major portion of the entry should clearly explain how your project was carried out or how your program operates, and the conclusion should clearly explain the results and/or any potential future impact. How your project was financed and staffed should also be included.

Categories. . . Twelve awards are available, one for towns and one for cities and counties in each of the six areas that parallel VML's policy committees. Localities may enter in all six categories but only once in each category. The categories are as follows:

Community Development. . . Any program to improve the physical or economic vitality of the community, such

as business development, construction projects, housing projects, urban renewal, downtown revitalization or neighborhood development.

Effective Government. . . Any program to improve the operation of government, such as management programs, employee programs or financial programs.

Environmental Quality. . . Any program to improve the environment such as beautification programs, planning and land use programs, sanitation programs, water or energy programs, preservation programs.

Human Development. . . Any program to aid the community's citizens, such as educational programs, social service programs, employment programs, and recreational programs.

Public Safety. . . Any program to improve security in the community, such as court programs, law enforcement programs, fire and rescue programs or emergency preparedness.

Transportation. . . Any program to improve or develop transportation, such as traffic management, road and sidewalk improvements, public transit.

The judging. . . All entries will be reviewed by a VML screening committee and judged by a panel of three individuals selected for their competence and experience in the field of local government. The judges may elect not to make an award in a category should they deem none worthy, or they may elect to present a tie award.

The award. . . Winners will be presented with the VML Achievement Award Pyramid Trophy and will be recognized at the VML Annual Conference in September. In addition, summaries of the winning entries will be published in the September issue of **Virginia Town & City**.

The deadline. . . All entries should be mailed to VML Achievement Awards, P.O. Box 753, Richmond, VA 23206 and must be postmarked by **April 30, 1985**. All entries become the property of the Virginia Municipal League.

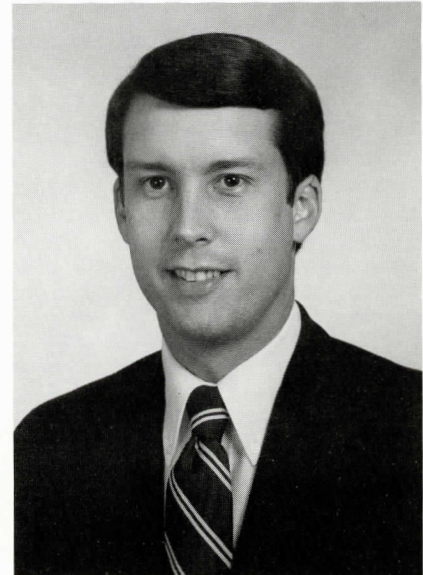
Questions. . . Contact Christy Everson in the VML Office at (804) 649-8471.

Thirteen East Franklin

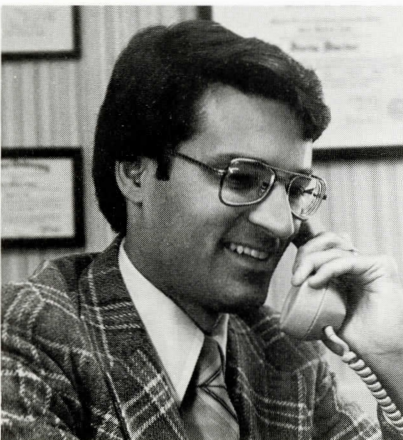


Lawrence A. Davies, VML President . . . "It is a real blessing to us that it has been made available. It's in a stable, growing area, partly because of the renovation of the nearby Jefferson Hotel and other facilities in that area. The location is outstanding. It's near the downtown area and close enough to the Capitol and hotels and meeting places there. I just think the conditions under which it became available are slightly miraculous, having been almost promised to another organization but our offer being more acceptable to the seller. And, it will require a minimum of renovation to be acceptable to us. Everyone I have spoken with is very pleased."

Samuel W. Adams III, Chairman, Building Committee, VML First Vice President . . . "I am extremely excited about the entire deal. Our committee really feels remaining logistically close to the state Capitol and being in the downtown area fulfills our primary prerequisite. Secondly, we like the idea of finding a building with parking spaces available behind the building, on-street parking and a public parking deck nearby. So many of us come from out of town to meetings at the league. The location of the building on a block listed in the National Historical Register is also very pleasing, and in a neighborhood being revitalized with the Jefferson nearby, Glavé Newman building across the street and the Garden Club of Virginia right there . . . it's a very pleasant neighborhood. As a banker, I can say that the financing could not be any better. I'm only thankful to the attorneys who made it possible to assume the loan in the original deed of trust. In today's market, this is a gift from heaven for us. We were extremely fortunate to be able to assume the mortgage, and I would like to give our executive director and past and current executive committee members plaudits for having the foresight to have on hand and to be able to pay down the cash going into the building.



We were ready and in an extremely favorable position. We will actually be saving money considering the future we faced with rental space had we remained in our present location. The building itself is very beautiful and affords additional space for the staff in very pleasant surroundings. It is truly a building that all the members of the league can be proud of."



R. Michael Amyx, VML Executive Director . . . "To find a building of this vintage and in such sound structural condition, appropriate for league use and at the same time with room for future expansion and affordable, it's an opportunity too good to pass up. The features and components came together so well; it's a perfect match for the league. The league is acquiring a symbolic as well as practical headquarters and at the same time stabilizing a major component of its operating budget. Most leagues that have undertaken the purchase or construction of a permanent headquarters have had to undergo an extensive dues assessment process to pay for the building. VML has had what amounts to a 'sweetheart lease,' having signed it nine years ago. Now to acquire a permanent headquarters at a cost comparable to what we are paying today, it's an awfully good proposition for the league."

turn the page please

VML's New Home

By Christy Everson

Sometime late in the month of May, moving vans will pull up outside the VML Office. Files and folders will be packed away, and all will be moved to 13 E. Franklin St. as the Virginia Municipal League closes one chapter in its 80-year history and opens another. When the papers are signed on April 1, 1985, VML will join 24 other state leagues in owning their own office building.

The move makes history not only because of the purchase of a permanent headquarters but also because of the change in location. Since early in the league's establishment, it has operated from the 1000 block of East Main Street in Richmond, first out of the law office of Morton L. Wallerstein in the Travelers Building just across the street from VML's present location, later from offices in that same building and since 1975 from the current location in the Ironfronts Building at 1011 E. Main St.

The new location, however, as so happily pointed out by all involved, continues a downtown presence for the league just nine blocks from the state Capitol. As indicated by Sam Adams, VML first vice president and chairman of the building committee, this fulfills one of the major directives of the building committee, a directive which considering the marketplace might not have been easily accomplished.

For those unfamiliar with the Richmond area, downtown Richmond is growing. With three areas of concentrated development right in the heart of downtown, the cost of office space is rapidly increasing. In fact, VML's present annual lease expenditures were expected to double upon expiration in June 1986 and to continue to increase in the range of 5 percent to 7 percent every year thereafter. With a modest increase in floor space at the present site, an option the league had been considering, the league was looking at an estimated annual lease cost of \$93,431 by 1991 as opposed to its current annual expense of \$27,500.

Another consequence of downtown Richmond's development has become the outcry for parking, quickly becoming a rarity in the downtown area. Recent local trivia cites "a downtown parking space and tickets to a Redskins' game" as absolutely the two most sought after items in Richmond, and indeed, parking

was also a high priority among the directives of the building committee. Happily, it seems this prayer too has been answered with the purchase of the new building.

Six private parking spaces are located behind the building, metered parking is available throughout the area and several public parking lots are located just blocks away.

Proximity to the Capitol and parking too! As VML President (and Pastor of Old Site Shiloh Baptist) Lawrence Davies said, it's "slightly miraculous!"

It seems almost sinful that there's more. The financial aspects of the purchase, according to Adams, a banker, "could not be any better."

Two years ago, members of the VML Executive Committee established a "building fund" with the league's surplus funds and made it policy that the annual budget surplus equaling 15 percent of the present year budget would go into a operating budget contingency fund and the remainder would go into the VML Building Fund. VML also had initiated a building search committee seven years ago, but efforts were interrupted in 1979 and 1980 because of unfavorable market conditions.

The VML Building Fund was a key factor in the purchase of the building. Another offer was already pending on the building when VML Executive Director R. Michael Amyx first saw it advertised for sale in the newspaper, but because VML was able to pay down cash from the building fund to assume the loan, VML's offer was accepted. What's more, VML was able to assume a 9¾ percent fixed rate mortgage. The estimated annual cost to own and maintain the building, including mortgage, taxes, insurance, utilities, custodial services, pest control, security/alarm services, etc., is expected to amount to \$26,000, a cost less than current lease expenditures. By the year 2005, the balance of the \$265,000 selling price will be paid in full and VML will own the property outright.

The new headquarters not only appears to grant all the wishes on the VML building wish list, but also will continue to house the league in a style and atmosphere befitting its reputation and stature. The building has served for the past ten years as home to the law firm of Thompson & McMullen. A row house

circa 1840, it is listed in the National Register of Historic Places, as is the entire block and much of the entire district which at one time was one of Richmond's most fashionable residential areas.

Located just across the street are the Garden Club of Virginia in the Kent-Valentine House and the well-known Mrs. Morton's Tea Room. Linden Row, one block east, is known as one of the finest collections of Greek revival townhouses. The entire district abounds with architectural significance.

Early records show the area was once part of Rutherford's Addition, purchased in 1794 by the Scottish merchant who operated cotton and tobacco factories. Rutherford later sold parcels of his land to his friends and Shockoe business associates. Edwin Wortham built 13 East Franklin in 1846-47 and maintained it as his residence.

Increasing the area's present status, the architectural firm of Glavé, Newman, Anderson has announced plans to renovate one building and build another to house their offices and The Engineers Club across the street from the 13 East Franklin. And to add to the excitement, the old Jefferson Hotel with all its pinnacles and spires, home of the famous "Gone With the Wind" staircase, is just two blocks west and currently undergoing a \$35 million renovation. The Jefferson is expected to open in December with its fountains in the lobby flowing and filled with brass alligators replacing the live ones of yesteryear.

Thirteen East Franklin Street offers the league 4,800 square feet on three floors, 1,500 square feet more than current quarters. It offers such amenities as fireplaces, a beautiful stairway, larger individual offices, five bathrooms and a small courtyard.

The building does need some refurbishing; carpeting will be pulled up and replaced, floors polished, new light fixtures installed and a new coat of paint applied. And, when we're all spruced up and polished, you will be invited to our dedication ceremony — at 13 East Franklin, headquarters of the VML, 1985 - . We hope you will join us in the celebration.

About the Author

Christy Everson is VML's director of communications and editor of VIRGINIA TOWN & CITY.

Legislative Report

\$165 million added to education funding as VML ends good legislative year

On Saturday evening, Feb. 23, the 1985 Virginia General Assembly brought to a close its 46-day session. A handful of issues consumed much of the energy and time of this year's short session; issues such as the coal slurry pipeline, the mining of uranium, rights of the handicapped, consent for abortions and changes to the road financing formula were at center stage at various points during the session. A total of 1,355 bills or resolutions were introduced this year, and 244 were carried over from the 1984 session. A total of 855, or about 50 percent, were passed and sent to the governor for his signature.

For Virginia local governments it was an eventful session. A number of VML legislative goals had their day before the General Assembly. Two such goals were considered of top priority. Early in the session Senate Joint Resolution 28 was withdrawn by the chief patron, as opposition by a host of associations such as VML raised major concern as to the advisability of approving the state appropriation limiting measure which would have tied the rate of growth in state appropriations to the estimated rate of growth of the state economy.

VML's other major legislative goal was to support full funding of the state's share of the actual cost of the educational Standards of Quality, with a 1 percent sales tax increase suggested as a means of achieving this goal. Although several bills were introduced to increase the sales tax, none made it out of committee. But, the 1985 session brought encouraging news in this critical area. In his "State of the Commonwealth Address" to the General Assembly on Jan. 9, Gov. Robb revealed that he will propose for the first time full funding of the state's share of the SOQs in the 1986-88 biennial budget for consideration by the 1986 General Assembly.

More good news came later in the session. When adopted in the closing hours of the session, the revised fiscal year 1985-86 budget reflected a strong commitment by the General Assembly to support the governor's proposal as newly added funds totaling \$15.2 million brought the state's SOQ share, according to state calculations, to 90 percent -- up from 78 percent in fiscal year 1982. This represented an overall \$165 million increase (including previously budgeted amounts for fiscal year 1985-86) over the \$855 million in basic aid and fringe benefits for the current budget year or a one year increase of 19 percent. This is the largest one year increase in public education aid in fifteen years. In assessing this significant accomplishment VML President Lawrence A. Davies noted, "all localities are encouraged to publicly thank their General Assembly members for this outstanding action and recognition of the importance that public education plays in the welfare of the commonwealth."

Virginia's localities also realized significant gains in other areas of the revised budget for fiscal year 1985-85. Key budget actions included:

* ABC Profits. Appropriated an additional \$733,000 in the current fiscal year and \$1,067,000 next year for the local share of the alcoholic beverage control profits, based on revised estimates.

* Water Quality Construction. Appropriated \$3.3 million for assistance to localities to meet water quality needs.

* Basic Aid for Public Education. As noted, provided funds to increase the per pupil amount in basic aid for public education to \$1,901 from \$1,776 and increased to 57 positions the number of instructional personnel per 1,000 students.

* Deinstitutionalization Funds. Appropriated \$1 million for five community services boards to deal with the local impact of deinstitutionalization.

* Homes for Adults. Provided \$886,000 in additional funds to increase the state's share of the cost of auxiliary grants for residents of homes for adults to 70 percent.

* Local Welfare Administrative Cost. Added \$3.9 million to provide 80 percent reimbursement by the state Board of Social Services to localities for the cost of administering food stamps and other financial assistance programs.

* Contingency Fund. Part of the adopted \$16.5 billion revised budget for 1984-86 established a \$70 million contingency fund to offset federal budget cuts. Any reserves left for the 1986-88 budget cycle were pledged for public education.

The only significant disappointment found in the revised 1984-86 budget was the failure of the state to pay the cost of testing local government water samples at an estimated annual cost of \$296,000.

Another legislative priority of the league concluded in disappointment as a bill held over from the 1984 session (SB 239), legislation to permit the State Corporation Commissions jurisdiction over local government telephone rates, was approved in mid-January. Although its impact is not known, the league was successful in adding an amendment authorizing the SCC to regulate municipal corporations as a class separate from business. Historically, localities' rates have been included in the business class which is the highest rate category established by the SCC.

To provide a brief overview of bills impacting local government addressed by the 1985 General Assembly, following is a list of passed and failed bills identified by the league staff.

Bills that passed and, in most instances will be effective July 1, 1985 include:

* HB 817 establishes the rights of persons with physical and mental disabilities and reorganizes certain state programs serving these individuals.

* HB 1269 provides a new allocation formula for road construction and maintenance. Under the bill, cities will get additional aid, rural areas will get more funds to blacktop unpaved roads and the secondary highway system will become eligible for a greater share of the road construction dollar as the current 50-25-25 split is changed to the approved 40-30-30 split. Also the so-called 1977 hold harmless provision for secondary road funding was eliminated.

* SB 615 which provides for distribution of \$5.3 million in rolling stock tax to local governments effective July 1, 1987.

* SB 623 relaxes the public notice requirement for public bodies when holding a closed meeting to interview candidates for their chief administrative officer. A public body does not have to disclose the time and place of such closed meetings as long as it publicly discloses the meeting will be held during the next 15 day period. (Effective on governor's signature.)

* SB 9 allows garbage trucks the same weight exemption as cement and coal trucks.

* HB 1477 incorporates into statute current language in the state budget increasing local wine tax profits distributed to counties, cities and towns to 44 percent from 22 percent.

* HB 1734 is designed to help localities and public educational institutions address problems caused by asbestos in their buildings. By removing the statute of limitations as an issue in asbestos cases brought by localities or public educational institutions, the bill revives any time-barred actions and extends the period of limitations until July 1, 1990.

* HB 1619 provides that localities must pay their bills in a prompt manner (within 45 days of delivery or after an invoice is received, when no other contract term is set out) or be subject to a late charge of up to 1 percent per month.

* HB 1591 requires local assessors to treat open or common space in certain planned developments as having no value in itself.

* Under HB 1437 the local chief executive will be given written notice before the Bureau of Hazardous Waste Management authorizes the temporary storage or location of hazardous wastes in a locality. HB 1419, requires local chief executives to be notified of hazardous waste releases, also passed.

* HB 1224 applies to cities and towns that elect their mayor in at-large elections. The bill implements a state constitutional amendment which passed this past November and specifically authorizes governing bodies to appoint one of their own members to a vacancy in the mayor's position. The bill overrides charter provisions to the contrary.

* HB 1088 requires a public hearing at least seven days prior to the appointment of any school board member.

* HB 1752 provides for a maximum increase in annual compensation for city mayors and council members of \$3,000 more than present maximums (by population brackets) as set out in §14.1-47.1 and 2.

* Both SB 510 and HB 1145 expand the authority to levy the transient occupancy tax to all counties and include a provision so that a county may not levy this tax within the incorporated limits of any town without first obtaining authority from the town to do so. Also provided is that any locality may pay a commission to hotel or motel businesses for service collecting such tax at a rate no less than 3 percent and not greater than 5 percent. There is no new cap contained in these bills for cities and towns as they continue to obtain authority to levy and set the rate of such tax under the provisions of their charters.

* HB 1377, establishes a Fire Programs Fund to pay for firefighters' equipment and training. The bill will raise approximately \$5 million a year by imposing a 0.8 percent surcharge on premium income or specified kinds of insurance. Of the total, 75 percent is to be allocated to counties, cities and towns based on population. At least \$3,000, however, would go to each locality with fire services in the state regardless of whether it has a volunteer fire department, a paid department or a combination of the two.

* The General Assembly passed SB 498 to allow members of governing bodies of a county, city or town to contract with their governing body so long as the following restrictions are met: (1) the contract is procured as a result of competitive sealed bidding, (2) the governing body has established a need for the same or similar goods through purchases prior to the members serving on the governing body, (3) the member has no involvement in the preparation of specifications for such contract and (4) the remaining members of the governing body by written resolution state that it is in the public interest for the member to bid on such contract. Disclosure and disqualification requirements of the Conflict Act continue to apply.

As is the case in every session a number of bills are introduced which are adverse to the goals of local government. Part of the role of VML is to oppose or seek amendments to these measures. Noteworthy bills in this category which failed include:

* HB 880 restricting the use of local government work forces on public work projects. (HJR 281 will continue for another year the state study of restricting certain public work projects by local work forces; however, VML succeeded in having the patron amend this resolution so that it would not be expanded to include a review of local government accounting practices.)

* SB 556 making the Virginia Tort Claims Act applicable to localities and their employees on the same basis that it is currently applicable to the state government.

* HB 941 carried over from 1984 would have required localities to provide public school teachers with a 10 percent pay raise.

* SB 422 carried over from 1984 would have restricted local governing bodies from transferring funds to local school budgets during the course of the year.

* HB 1676 requiring all locally adopted zoning ordinances to permit placement of mobile homes in all rural or agricultural zones.

**To the readers of
Virginia Town & City**

**1985
Survey of
Government
Information
Management
Needs**





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Dear Government Executive:

Sperry Corporation is conducting an important survey of government institutions, agencies and legislative bodies across the United States.

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But we need your help to complete this project. Specifically, we need your answers to the few brief questions on the enclosed questionnaire.

Completing this survey will take only a few minutes of your time. But these few minutes can result in an important contribution to a nationwide study on how the public sector office handles and distributes vital information.

As you know, there are several uniquely difficult problems of information management within the communications-intensive public sector. And these problems are only getting more difficult to solve as administrative budgets are being cut and taxpayer demands for more services are increased.

Since these problems are urgent -- and since they have a large bearing on the quality of the services government provides -- it is important to make this study as complete and as accurate as possible.

So please help yourself (and the entire public sector) by completing the enclosed survey and returning it in the postage-paid envelope provided.

Your answers will remain in strict confidence. However, Sperry will publish the general results in a summary report which will give government executives a new overview of information management within the public sector.

We will gladly share this valuable report with you and all other survey participants. Simply check the final box on the survey and we will send you a copy, at no cost or obligation whatsoever.

Thank you so much for your help.

Sincerely,

Gary S. Roberson
Vice President, Public Sector Marketing

P.S. The results of this survey will be shared with the National League of Cities, the National Association of County Officers and the National Association for State Information Systems for use in studying the public sector. To receive a copy, please be sure to check the appropriate box at the end of the survey.

This survey will help determine information management needs of public sector officials throughout the country.

**You can receive the results by placing a
check mark on the final box.**

- 1.** Please indicate the nature of your public sector service:
☐ legislative ☐ health care ☐ streets and sanitation ☐ park service
☐ education ☐ library ☐ police dept. ☐ fire dept. ☐ other _____
- 2.** Do you have staff offices in more than one location? ☐ Yes ☐ No
If "Yes," approximately how many? _____
- 3.** Has your agency or office been required to expand its services within the last 12 months? ☐ Yes ☐ No
If "Yes," has your staff increased accordingly? ☐ Yes ☐ No
- 4.** Please approximate your annual staff turnover:
☐ 0-5% ☐ 5-10% ☐ 10-15% ☐ 15% or more
- 5.** How frequently are you required to adjust your operating budget?
☐ Annually ☐ Semi-annually ☐ Quarterly ☐ Other _____
- 6.** How often are your office reports, manuals and other written documents affected by changes in local, state or federal government legislation?
☐ frequently ☐ sometimes ☐ seldom
- 7.** Does your office maintain, update and compile mailing lists as an integral part of its service performance? ☐ Yes ☐ No
- 8.** Do you have a need to centralize records of requests, complaints, and general citizen feedback? ☐ Yes ☐ No
- 9.** Approximately how many staff members read and edit a major document before it is approved? ☐ 1-3 ☐ 4-6 ☐ 7-10 ☐ Other _____

(over please)

- 10.** Please indicate how much of your *average* working day is involved in the following activities:
- | | less than 5% | 5-10% | 11-15% | More than 15% |
|---------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| reading/research | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| writing | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| meetings | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| analysis | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| phone conversations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| travel | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 11.** Do you need records and information from other government agencies to conduct your daily operations? ☐ frequently ☐ sometimes ☐ seldom

- 12.** Which of the following automated functions are you presently using in your office: (Have they improved office productivity?)
- | | | |
|--|------------------------------|-----------------------------|
| <input type="checkbox"/> word processing | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| <input type="checkbox"/> report generation | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| <input type="checkbox"/> electronic mail | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| <input type="checkbox"/> electronic filing/retrieval | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| <input type="checkbox"/> calendaring | <input type="checkbox"/> yes | <input type="checkbox"/> no |
| <input type="checkbox"/> scheduling | <input type="checkbox"/> yes | <input type="checkbox"/> no |

- 13.** As a data processing user, please indicate whether you use:
- | | |
|---|---|
| <input type="checkbox"/> Your own Computer System | <input type="checkbox"/> Service Bureau |
| Manufacturer _____ | Model _____ |

- 14.** If you are not presently using a fully automated office system, please indicate your reasons: ☐ too expensive ☐ too much training required ☐ can't satisfy specific needs ☐ other _____

- 15.** Are you in the process of buying or adding to your computer system? ☐ Yes ☐ No

- 16.** To assist us in comparing information management needs within the public sector, please indicate the approximate number of employees within your office: _____

☐ **Check here if you would like to receive a copy of the report that will summarize the results of this survey.**

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Economic development	85.7
Solid waste—energy	85.3
School funding	84.7
Road and bridges	83.3
Increased litigation	79.3
Working with less money	78.6
Other capital needs	77.5
Local government/state relations	72.3
Federal fiscal policy	72.1
Data processing	69.1
Annexation	67.8
Human resources	66.4
Public opinion to government	66.1

Based on the results of the membership survey and on the observations of the staff and executive committee involving the internal and external environment of the league, specific future goals for VML will be developed. These goals will be evaluated at the April 12–13 executive committee meeting, and strategies for their accomplishment will be discussed. Virginia Town & City readers interested in expressing their opinions may write to the editor, Christy Everson, at P.O. Box 753, Richmond, VA 23206.

About the Author

Christy Everson serves as VML's director of communications and as editor of VIRGINIA TOWN & CITY.

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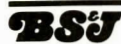
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from page 10

private owner/operator should include clear operating standards and penalties for failing to meet those standards.

Further, facilities which provide especially critical services to the community (e.g. water, wastewater treatment) should be subject to regular inspection and audit review by the government to assure regular compliance with operating requirements.

Summary

Under the appropriate circumstance, privatization can be the most cost effective method available to government for providing public services. However, identifying and evaluating privatization candidates and structuring a privatization transaction are complicated activities which require a basic understanding of the various financial and non-financial considerations underlying the privatization concept. Generally, it is in the best interest of the community to retain experienced legal, tax and financial advisors to assist in developing a privatization transaction in order to best meet the needs of the community involved.

About the Author

Kevin G. Quinn is a member of the Public Finance Department of Alex. Brown & Sons. He was previously employed by the law firm of Miles & Stockbridge where he specialized in corporate, banking and tax-exempt finance law. At Alex. Brown, Quinn concentrates primarily on developing and structuring water, sewer and solid waste financings as well as advance refunding bond issues.

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Commentary

By Carol Amato

Ethics and the Public Official

"Most of us lack the information to make decisions on ethical grounds, even if we wanted to."

Robert Samuelson
Newsweek, Dec. 3, 1984

Public officials who sometimes find themselves overworked, underpaid, undersatisfied, tired and generally confused would probably agree with Samuelson regarding the role that ethics play in their professional decision making. For many public servants, philosophy is for colleges and theories of ethical behavior for those people who have the time, which they certainly do not, and the inclination, which they also do not have, to engage in thought and debate about the probable motivations and potential ethical consequences of their decisions.

Let the scholars and intellectuals debate their circular theories, they argue. Talk and arguments challenge students and other scholars but may seem of little help to public officials who find themselves "on the firing line" everyday. Bureaucrats and politicians, unlike philosophers, live in the "real world" and must make tough decisions and choices daily without the benefit of sufficient information and extended time for analysis and debate. Intuitions, beliefs and convictions weigh more heavily, and probably are more useful, than are the theories published by scholars who build careers by studying ethics, or so goes the reasoning.

As compelling as this argument by some public servants and Robert Samuelson may be, I take issue with two assumptions on which the argument seems to rest. First, that there is a dearth of information on which to base policy decisions, and second, that public policy and decision making demonstrate no relationship to traditional, scholarly theories related to ethical, moral behavior.

To the contrary, I believe that, if anything, the average public official has too much information on which to base decisions. In addition to the extensive data base maintained by every agency at every level of government, the public manager has access to a myriad of professional journals, newspapers and magazines. Additional guidance is provided by legislative action and through public hearings on particularly con-

troversial or important policy choices. Also, while they certainly do not label their reasoning as Libertarian, Marxist, Utilitarian, Rawlsian or Kantian, today's public officials often illustrate these theories, at least in part, through their actions and the reasons they give for their points of view and behavior.

If the technological era in which we live has done nothing else, it has put information at our fingertips and produced sophisticated methods for storing, displaying and reporting data. While some people argue that our analytical ability has not kept pace with our ability to generate data, the fact remains that automation, in combination with statistical and mathematical models, allows public policy makers to conduct detailed analyses of available options. Cost/benefit analysis, multiple regression models, new simulations taking multiple variables into consideration and various mathematical formulae for making projections are now available to policy makers at all levels in every branch of government. As valuable as these new techniques are, they do not and cannot take the place of responsible policy makers in shaping the laws and principles by which society operates, nor can data and technique be viewed as replacing those human qualities and aspirations which can never be measured and those values which defy comparison.

Clearly, if a public official wants to consider the ethical consequences of his or her decisions, the information, methodology and support systems to do so exist. Samuelson may argue that officials may not want to so deliberate, but his argument that insufficient information exists cannot be justified. Comprehensive, relatively current data bases, sophisticated analytical methods and unprecedented access to public opinion and to professional judgment enable today's public officials to weigh ethical concerns in their decision making. Unfortunately, many may not have sufficient grounding in traditional moral theory to make use of this information as another aid in formulating and implementing public policy.

While very few public officials would classify themselves as moral theorists, almost all find themselves in the position of making decisions of moral and ethical import. However, it seems that often the decisions they make illustrate the theories of which they claim no knowledge. In fact, few major decisions are made which do not reflect one or more of these theories.

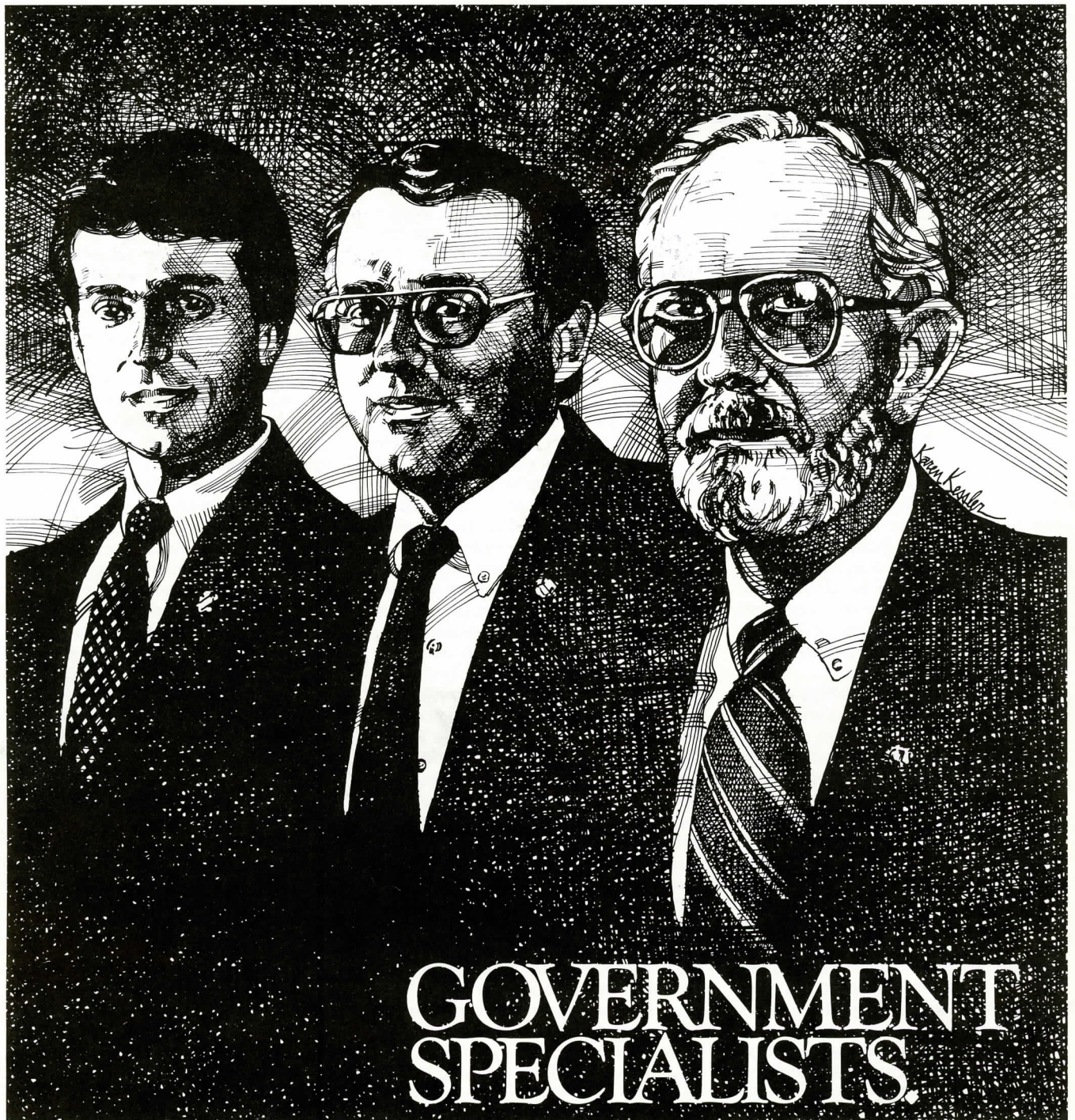
Consider for example the relationship between our public policies on equal opportunity and Immanuel Kant's concept of the equality of men as subjects in a commonwealth or our policies regarding the use of human subjects in experiments and Kant's statements regarding the use of people as a means to achieve other goals. Similar parallels can be drawn between the work of John Stuart Mill regarding the individual's right to expect equality of treatment unless some recognized social expediency requires the reverse and our policies regarding the deinstitutionalization of patients in mental hospitals. The "New Federalism" includes shades of Robert Nozick's emphasis on the minimal state, and many of our social programs seem to have roots in John Rawls' principles of justice as fairness.

That the relationship between theorists and laws and policies developed by public officials is often coincidental, not the result of intentional consideration of the theorists' works, suggests to some observers that the philosophers' points of view somehow are extraneous to the policy making process. To the contrary, whether the topic is the distribution of wealth, individual rights or justice, there is guidance in the theorists' work which has great value to the public official. We all stand to benefit from a common understanding of certain concepts and methods of critical thinking used by the philosophers. In addition, grounding in classical and contemporary ethical theories provides the public official with access to some of the world's most brilliant minds, with a way to avoid "reinventing the wheel," with a common vocabulary and framework for analyzing ethical issues and with theories that, on the whole, have been thoroughly and thoughtfully analyzed and debated.

Given the importance of our actions and decisions, it seems essential that we take advantage of the assistance and methodology the ethical theories offer our own "real world" policy making processes. Isn't it time that we devote as much energy to understanding the ethical theories on which our decisions rest as we do to producing statistics and charts to support our reasoning?

About the Author

Since September 1984, Carol Amato has served as acting director of Virginia Commonwealth University's Center for Public Affairs. She is currently working on her doctorate in public administration at VCU and previously served as assistant director for the center.



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